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General

Ren Jianxin Addresses International Copyright Conference

OW0605133494 Beijing XINHUA in English
1306 GMT 6 May 94

[Text] Beijing, May 6 (XINHUA)—Chinese top judge said here today that China has basically completed the legal system for the protection of intellectual property and other invisible property.

Ren Jianxin, president of the Supreme People's Court, made the remark at the opening ceremony of the Licensing Executives Society (LES) International Conference '94, with businessmen, jurists and scholars from some 30 countries and representatives from international organizations in attendance.

Ren congratulated the opening session on behalf of the Chinese Government and the Supreme People's Court and appreciated LES' contribution to the dissemination of licensing knowledge, the exchange of licensing information, the enhancement of the working skills of licensing executives and the promotion of international licensing.

The president said that China has finished the amendments to the patent law and the trademark law, which have further enlarged and strengthened the protection of patent and trademark rights.

China has also joined the Berne Convention and the World Copyright Convention, he said, and therefore, copyright protection has basically met the requirements of international practice.

Ren said that the protection of trade secrets has been stipulated in the anti-unfair competition ruling enacted last December.

According to him, intellectual property tribunals have been set up within provincial or municipal courts of Guangdong, Hainan, Fujian, Beijing, Shanghai and Shenzhen.

Ren said that China is willing to strengthen international exchanges and cooperation and to introduce and study all the useful advanced technology and experiences of foreign countries in order to push the country's national economy and society towards modernization.

Oliver Axster, president of LES International, said that holding his society's conference in China shows the technology transfer and licensing in Asia, including China, shall have promising prospects.

Li Lanqing Speaks to International Group About Copyrights

OW0705135794 Beijing XINHUA in English
1314 GMT 7 May 94

[Text] Beijing, May 7 (XINHUA)—Chinese Vice-Premier Li Lanqing said here today that a complete legal system for the protection of intellectual property rights in China has provided a legal safeguard for the country's development of licensing trade.

Li made the remark when meeting with representatives to a conference of the Licensing Executives Society (LES) International, which was opened here Friday [6 May] with businessmen, jurists and scholars from some 30 countries and representatives from international organizations in attendance.

Li said that China will make greater efforts to transfer technology abroad while introducing more technologies from foreign countries.

China's legal system for the protection of intellectual property has been improved, Li said, and the country's new-amendment to the Patent Law and the Trademark Law have strengthened the protection of patent and trademark rights.

The vice-premier said that China's participation in the Bern Convention and the World Copyright Convention has basically made its copyright protection meet the requirements of international practice.

The country's protection of trade secrets has been stipulated in the Anti-Unfair Competition Law enacted last December, he added.

Li congratulated the opening of the conference on behalf of the Chinese Government and appreciated LES's contribution to the dissemination of licensing knowledge in China, the exchange of licensing information and enhancement of the working skills of licensing executives.

Li said that as China is accelerating its pace of establishment of a socialist market economy and maintaining a sustained and healthy economic development, the country has seen a speedy development of technology transfer.

Statistics show that China has signed a total of 7,000 contracts of technology import and export with a contractual value totalling 48 billion U.S. dollars.

Li said that China is to import more advanced and useful technology from foreign countries to update the present enterprises at home.

Meanwhile, the country will spare no effort in exporting technology abroad, the vice-premier said.

Oliver Axster, president of LES International, was present at the meeting in Zhongnanhai, headquarters of the State Council and the Central Committee of the Chinese Communist Party.

Li Lanqing Attends International Television Conference

*OW0705141994 Beijing XINHUA in English
1355 GMT 7 May 94*

[Text] Beijing, May 7 (XINHUA)—Chinese Vice-Premier Li Lanqing met with participants to the 1994 Scola world conference here today.

Scola, based in McClelland, Iowa, U.S.A., is a global language-teaching TV station. Its programs cover North and South Americas and other countries and regions.

Since 1991, China's Yellow River TV station has been providing the Scola station with news program and features about China.

During today's meeting, Li congratulated the opening of Scola's annual conference in China, saying he was pleased to learn that Yellow River TV station's programs are welcome in the U.S.

Describing Scola's teaching-language via satellite TV as "a great cause", Li said foreign-language teaching enhances mutual understanding, promotes friendship and cooperation as well as economic and cultural exchanges among different countries and peoples.

Scola President Lee Lubbers said he was proud that his TV station beams Chinese news programs to North America.

It is important to let U.S. students to know about China and spread Chinese language in that country, he said.

On May 2, Scola convened its annual meeting in Taiyuan, capital of Shanxi Province, where the Yellow River TV station is headquartered. Television and educational experts and scholars from the U.S., Germany, France, Japan and China's 15 provinces and municipalities attended the conference.

Zeng Jianhui, director of the State Council's Information Office, and Zhang Weiqing, vice governor of Shanxi Province, were present at today's meeting.

Luo Gan Receives International Archives Council Head

*OW0705114294 Beijing XINHUA in English
1055 GMT 7 May 94*

[Text] Beijing, May 7 (XINHUA)—Luo Gan, Chinese State Councillor and secretary general of the State Council, met with Charles Kecskemeti, secretary general of the International Council on Archives, and his party here today.

Kecskemeti has come to inspect the preparations of the 13th International Conference of Archives, which is expected to be held in China in 1996.

Delegation Attends UN Commission on Crime Prevention

*OW0705034294 Beijing XINHUA in English
0327 GMT 7 May 94*

[Text] Vienna, May 6 (XINHUA)—The UN Commission on Crime Prevention and Criminal Justice ended its third session here today after adopting more than 20 resolutions.

The 11-day session focused on preparations for a world ministerial meeting on organized cross-border crimes scheduled to be held in Italy in October and the ninth UN Congress on Crime Prevention and Treatment of Criminals, which is to take place in Tunisia in 1995.

Under the resolutions adopted at the session, which was attended by representatives from 40 member states, strong measures will be taken against organized cross-border crimes, the role of criminal law boosted in environmental protection and a strict ban enforced on violence against women and children.

A Chinese delegation, headed by Deputy Minister of Justice Wang Julu, was present at the session and expounded the position and principles of the Chinese Government on crime prevention and criminal justice.

Envoy to UN Addresses Forum, Notes Beijing's Foreign Policy

OW0805082794 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 8 May 94

[From the "News and Current Events" program]

[Text] Li Zhaoxing, Chinese ambassador to the United Nations, said that China is opposed to any form of hegemony or power politics, will never yield to any pressure, and will never participate in any political or military blocs.

Addressing a forum on the China issue held in Washington on 5 May, Li Zhaoxing said: China's foreign policy is characterized by peace and independence. China is opposed to any form of hegemony or power politics in the world; China will never yield to pressure from outside; nor will it participate in any political or military blocs. China has always considered itself a member of the developing countries. China upholds the principle of establishing and developing friendly relations with every other country in the world in compliance with the provisions of the UN Charter. China has always persisted in opening up in all directions. China will make efforts together with all UN member states to establish a new international political and economic order.

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IAEA Will Not Send Inspection Team to DPRK

OW0705022594 Beijing XINHUA in English
0158 GMT 7 May 94

[Text] Vienna, May 7 (XINHUA)—The International Atomic Energy Agency (IAEA) said today it will not send an inspection team to the Democratic People's Republic of Korea (DPRK) to observe the refueling of the country's main nuclear reactor.

"We received a letter from the DPRK a short while ago, but it does not constitute the basis for sending an inspection team to the DPRK," a spokesman for the Vienna-based agency said.

Therefore, the spokesman said, "The IAEA will not send an inspection team."

The DPRK's letter was a reply to one sent Tuesday [3 May] by the IAEA to the DPRK's Foreign Minister Kim Yong-nam insisting that its inspectors carry out safeguard tests during the refueling.

Earlier, the DPRK had invited the IAEA to send inspectors to watch the replacement of spent uranium fuel rods at its main five-megawatt reactor at Yongbyon, but stressed the IAEA could only observe the operation.

But the IAEA insisted that its inspectors make tests at the reactor to ensure that no radioactive fuel had been diverted into the making of nuclear weapons, as suspected by Western countries.

The DPRK says its nuclear facilities are for peaceful purposes only.

The IAEA spokesman also said that "Refueling the reactor without IAEA inspectors and permission for them to carry out safeguard inspections constitutes a serious violation of the safeguard agreement."

Japan, U.S. To Strengthen Defense Tech Exchange

OW0905041094 Beijing XINHUA in English
0337 GMT 9 May 94

[Text] Tokyo, May 9 (XINHUA)—Japan and the United States have agreed to form a new framework to promote their exchange of defense technology, the NIHON KEIZAI SHIMBUN reported today.

Under the new framework, the defense departments of the two countries will promote specific projects to develop new defense systems and improve existing defense techniques, the leading business daily said.

Tokyo and Washington will call on their respective businesses concerned to exchange views on the issue, it said.

In addition, the two sides will speed up technological interchanges by undertaking joint research.

The agreement was reached after the United States voiced its strong discontent about lopsided transfers of defense technologies to Japan, the paper said.

It is also in line with Tokyo's desire to expand technological exchange with the United States to strengthen the Japan-U.S. Security setup.

Muslims, Croats, Croatian Republic Agree on Borders

OW0905032794 Beijing XINHUA in English
0258 GMT 9 May 94

[Text] Vienna, May 8 (XINHUA)—Bosnian Muslims and Croats and the Croatian Republic reached agreement in principle on the borders of the Bosnian Muslim-Croat Federation here today.

They agreed to use the results of a census conducted in 1991 and give all cities and towns where Croats and Muslims constitute the majority to the Muslim-Croat Federation, the Croatian news agency HINA quoted Bosnian Croat leader Kresimir Zubak as saying.

Bosnian Foreign Minister Ifran Ljubijankic said the federation will have more than 51 percent of Bosnia's territory.

U.S. Special Envoy Charles Redman said the round of negotiation was held in a "friendly atmosphere" and made certain achievement. But he added that Muslims and Croats could reach final agreement on borders only after the Bosnian issue is solved comprehensively.

Bosnian Prime Minister Haris Silajdzic and Croatian Foreign Minister Mate Granic both showed some optimism about the negotiation.

The negotiation is being conducted in two separate working groups, one of which is focusing on the border issue.

United States & Canada

Zou Jiahua Terms U.S. Visit 'Successful,' Leaves for China

OW0705112194 Beijing XINHUA Domestic
Service in Chinese 0839 GMT 7 May 94

[By reporter Ying Qian (2019 6197)]

[Text] San Jose (California), 6 May (XINHUA)—State Council Vice Premier Zou Jiahua has successfully concluded his nine-day official visit to the United States, and he left here on the afternoon of 6 May for home via Hawaii.

Vice Premier Zou Jiahua issued a statement on the eve of his departure, saying that his U.S. visit was successful, that he was very satisfied with the outcome of the visit, and that the visit fulfilled the purpose of "enhancing

mutual understanding, promoting Sino-U.S. friendship, and developing mutually beneficial cooperation."

Zou Jiahua was the highest-ranking Chinese leader to pay an official visit to the United States in the last five years. During his visit, he met with President Clinton at the White House. Clinton said that both the U.S. Government and himself were willing to make common efforts with China to settle the differences between the two countries to further develop Sino-U.S. relations. Zou Jiahua stressed that the two countries should focus on seeking common ground, settle past disputes as quickly as possible, and restore and increase exchange and cooperation in all fields between the two countries.

Zou Jiahua also exchanged views frankly, sincerely, and in a friendly manner with the U.S. secretary of commerce, secretary of energy, secretary of the Treasury, and the acting secretary of state on furthering Sino-U.S. cooperation in all fields.

Zou Jiahua also visited a few large U.S. companies which have economic and trade relations with China, and he learned directly that a large number of people from U.S. business and enterprise circles have a strong hope for and interest in developing economic, trade, and technical cooperation with China. China also signed more than 10 cooperation agreements and letters of intent with the U.S. AT&T Corporation, ARCO Corporation, Amaco Corporation, and Exxon Corporation.

Officials View U.S. Proposal To Target State Enterprises

HK0905040994 Hong Kong TA KUNG PAO in Chinese 3 May 94 p 2

[Report: "Gao Shangquan Says Renewal of China's MFN Trading Status is Important to Hong Kong"]

[Text] Gao Shangquan, head of the mainland's Preliminary Working Committee's economics sub-group, maintained: It is unwise for the United States to apply pressure against China and set all kinds of conditions on the issue of most-favored-nation [MFN] treatment. Yu Xiaosong, vice minister of the State Economic and Trade Commission and a mainland member of the economic sub-group, stated: If the United States takes measures against China's state-owned enterprises, this will mean creating new contradictions in Sino-U.S. economic development.

After visiting the One Country, Two Systems Research Center on 2 May, when asked about the question of the U.S. extension of MFN treatment to China, Gao Shangquan said: Whether or not the United States grants China MFN is also extremely important to Hong Kong. If China's MFN treatment is not renewed, Hong Kong's interests will suffer. Moreover, not only does the issue have a bearing on Hong Kong, but it is also very important to the United States itself. It is thought that entrepreneurs and ordinary people in the United States all hope that China will have MFN renewed.

He criticized the United States for always setting all sorts of conditions every time the MFN question is discussed. This has also been the case in the past. It applied pressure against China on the issue.

In regard to a report that the United States will take measures against China's state-owned enterprises and levy heavy tariffs on their products, Gao Shangquan said: State-owned enterprises constitute a very big part of China's national economy. Reforming state-owned enterprises is the focal point of economic reform. What is detrimental to China's state-owned enterprises will also be detrimental to U.S. enterprises, because China's state-owned enterprises are involved in all cooperation and trade activities between China and the United States. Moreover, Hong Kong will also be affected as a result.

Prior to the visit, Yu Xiaosong remarked: The United States should not take measures against China's state-owned enterprises, otherwise, it will create new contradiction in Sino-U.S. economic development. This will have very bad effects on both sides. If the United States take measures against state-owned enterprises, this will affect other fields in its economic ties with China.

He did not think that current Sino-U.S. relations had become quite tense because of U.S. arms sales to Taiwan or a meeting with the Dalai Lama by American leaders. He maintained that these issues had nothing to do with the economy. When asked of his confidence in MFN renewal, he stated: This is a matter for the Americans. You must ask U.S. President Bill Clinton or the secretary of state.

800 U.S. Companies Urge Clinton To Extend MFN Status

OW0605192494 Beijing XINHUA in English 1827 GMT 6 May 94

[Text] Washington, May 6 (XINHUA)—About 800 American companies, trade associations, farm organizations and consumer groups wrote Thursday [5 May] to U.S. President Bill Clinton, urging him to extend the most favored nations (MFN) trading status to China.

The business coalition for U.S.-China trade released the letter today and stated that not renewing China's MFN status would jeopardize the over 180,000 high-wage American jobs dependent upon the over 9 billion worth of U.S. goods and service exported to China last year.

In the letter which about 800 American businesses put their signatures to, the coalition said that "our companies are engaged in diverse businesses, ranging from manufacturing, farming, and retailing to financial and entertainment services, but we share a common conviction that trade with China is vital to America's future."

"We are deeply concerned that initiating economic conflict through MFN revocation or other sanctions, such as denying MFN for state-owned companies, would put

American jobs and exports at risk, cede the Chinese market to Europe and Japan," it noted.

John McDonnell, chairman of McDonnell-Douglas, explained in a news release by the coalition that "China represents an incredible market opportunity which will create thousands of additional U.S. jobs and further improve the U.S. economy as the Chinese demand more American products and service."

"If we let this opportunity slip away, our global competitors will take over where we leave off and it will be nearly impossible to recover a competitive position in that area of the world," McDonnell said.

The business leaders highlighted the important role that Chinese market has for the American consumer.

"Loss of MFN or any form of trade sanctions will have a direct cost for American consumers," said Myron Ullman, chairman of R. H. Macy & Co., Inc. "Low- and middle-income American families will face higher prices and shortages of many familiar items."

Maurice Greenberg, chairman of American International Group, said the United States ought to view its relationship with China "in a broader, strategic context and not have a single issue foreign policy."

"Massive change is occurring in China, bringing with it improvements in living conditions for the Chinese people that would have been impossible to envision even a few years ago," Greenberg added.

The business leaders urged Clinton to support continued U.S. trade with China by extending MFN and to devise a U.S. policy that de-links trade sanction and human rights.

'China 21st Century Agenda' Delegation Visits U.S.

OW0805094994 Beijing XINHUA Domestic Service in Chinese 0643 GMT 7 May 94

[By reporter Xu Yong (1776 0516)]

[Text] Washington, 6 May (XINHUA)—A six-member delegation headed by Zhang Dengyi, secretary general of the State Science and Technology Commission, yesterday held a report meeting at the Chinese Embassy in Washington to brief U.S. Government officials and people from U.S. enterprise and environmental protection circles on the contents of the "China 21st Century Agenda."

The agenda, which was recently approved by the State Council, is a detailed program of action prepared by the Chinese Government for implementing the strategy of sustained development decided on in June 1992 by the UN Conference on the Environment and Development. It is the first document submitted in response to the "21st Century Agenda" adopted by the UN conference.

In his speech, Zhang Dengyi said: The central idea of the "China 21st Century Agenda" is to carry through the strategy of sustained development, and, in light of China's reality, to establish unified policies on economic construction, social work, environmental protection, natural resources utilization, human resources development, and other important issues, in order to achieve comprehensive results in every aspect and to attain the most desirable objectives.

Zhang Dengyi added: China has decided to inject the substance of the agenda, especially the important principles in it, into actual practices in all sectors. In particular, we will incorporate some key programs outlined in the agenda in the Ninth "Five-Year Plan for Economic Development" and in other plans whose duration is longer.

He stressed: China has determined to take concrete measures in the hope that it will become the first country to fulfill the "21st Century Agenda." To fulfill this hope, we must cooperate with other countries.

He said that China welcomes the more than 30 attendees of the report meeting to attend a high-level roundtable meeting on the "China 21st Century Agenda"—to be held in Beijing on 9 July—to discuss ways to carry out the strategy of sustained development and to study the possibility of international cooperation in this field with broad prospects.

The delegation arrived in Washington on 4 May at the invitation of the U.S. Presidential Committee on Sustained Development. The delegation yesterday called on host officials and visited the World Bank and the World Resources Study Center. While in New York, the delegation called on three UN deputy secretaries general and other UN officials, in winning some international organs' support for carrying out the "China 21st Century Agenda."

After its U.S. visit, the delegation will fly to Ottawa, the capital of Canada, on 8 May.

Chinese Students Urge U.S. To Extend China's MFN Status

OW0705000394 Beijing XINHUA Domestic Service in Chinese 1054 GMT 5 May 94

[By reporter Xu Changyin (1776 7022 6892)]

[Text] Washington, 4 May (XINHUA)— More than 700 Chinese students and scholars studying in the United States and other countries recently wrote a joint letter to U.S. President Bill Clinton, appealing to him to unconditionally extend the Most Favored Nation (MFN) trading status to China. At a hearing held by the U.S. Senate Foreign Relations Committee today, the students made their letter public.

In their letter, these students and scholars said: Withdrawing China's MFN status would not only hurt the

Chinese people's interests but also American enterprises' business interests and opportunities in Chinese markets as well as American general interests in Asia.

They "firmly support the unconditional renewal of China's MFN status" and held that "the MFN should not be linked to human rights."

A total of 722 Chinese students and scholars signed their names on the letter. They are mainly from several universities in the United States. Some students and scholars are studying in other foreign countries.

Guangdong Official Speaks on Overseas Economic Ties

*OW0705033694 Beijing XINHUA in English
0231 GMT 7 May 94*

[Text] Guangzhou, May 7 (XINHUA)—Guangdong, one of the most economically developed provinces in China, will encourage its enterprises to expand economic cooperation with overseas countries and regions, including the United States, according to an authoritative official of the province.

Addressing a special meeting on the environment for investment in the United States, Liao Guoji, deputy director of the Guangdong provincial committee of Foreign Trade and Economic Cooperation, said yesterday that enterprises in the province will be encouraged to be export-oriented, to open more international markets and to invest abroad.

He noted that the United States is the biggest industrialized country, which has a long history of frequent economic and trade ties with Guangdong Province and it hopes to have more economic exchanges with the U.S.

By the end of last year, deputy director Liao said, Guangdong had signed over 140,000 contracts involving overseas investment with 70 countries and regions and had actually utilized 29.45 billion U.S. dollars in overseas funds. There are 45,074 overseas-funded enterprises in the province, over 400 of which are U.S.-funded enterprises involving nearly one billion U.S. dollars in funds.

Meanwhile, Liao said, Guangdong Province has set up over 50 enterprises abroad and many enterprises plan to invest in the United States.

U.S. diplomats in the Chinese Mainland and Hong Kong gave briefings to the meeting about their country's environment for investment, including introduction to a number of U.S. laws and regulations.

First Sino-Canadian High-Tech Fair Opens in Shanghai

*OW0605193094 Beijing XINHUA in English
1501 GMT 6 May 94*

[Text] Shanghai, May 6 (XINHUA)—The first Sino-Canadian high-tech fair opened here today.

On display at the two-day fair are computer software for the use in the fields of finance, banking, stock exchange, real estate and large enterprises; apparatus for simulated training of astronauts; plastics pigment; materials for home decoration; light industrial products; and medical apparatus.

The fair is being sponsored by Quorum Growth Inc., a high-tech company based in Canada.

During the fair, technical lectures and negotiations on economic cooperation and trade will be held.

The fair will be moved from Shanghai to Beijing on May 11 and 12.

Northeast Asia

Reaction to Remarks by Japanese Justice Minister

Lawyers Protest Nagano's Remarks

*OW0605140394 Tokyo KYODO in English 1304
GMT 6 May 94*

[Text] Beijing, May 6 KYODO—A group of Japanese lawyers lodged a formal protest with the Japanese Embassy in Beijing on Friday [6 May] demanding the resignation of Japanese Justice Minister Shigeto Nagano over his remarks on World War II.

The delegation led by Shigemitsu Oda protested Nagano's statement published Wednesday in the MAIN-ICHI SHIMBUN newspaper that Japan's involvement in World War II was "not a war of aggression" and the Nanjing massacre was a "fabrication."

The lawyers are on a mission to investigate Chinese war victims and the human rights situation in China.

Nagano retracted his remarks at a press conference Friday.

Victims Demand Apology From Japan

*OW0805130094 Tokyo KYODO in English 1243
GMT 8 May 94*

[Text] Beijing, May 8 KYODO—Some two dozen Chinese wartime victims will start besieging the Japanese Embassy in Beijing with telephone calls for five days from Monday to protest former Justice Minister Shigeto Nagano's denial of the 1937 Nanjing massacre, Chinese sources said Sunday [8 May].

The sources said the angry Chinese are not satisfied with Nagano's resignation and are demanding an official apology from the Japanese Government.

The Chinese are also seeking a specific guarantee from Tokyo to avoid a repetition of such remarks questioning Japan's wartime aggression, the sources said.

The sources said the war victims have decided to employ the telephone tactic because it is difficult for Chinese to stage demonstrations.

The sources were alluding to the arrests of over 100 Chinese for trying to demonstrate near the Japanese Embassy at the time of former Prime Minister Morihiro Hosokawa's visit to Beijing in March.

Envoy Explains Japan's Position

OW0705103894 Tokyo KYODO in English 1025 GMT 7 May 94

[Text] Beijing, May 7 KYODO—Japanese Ambassador to China Michihiko Kunihiro visited the Chinese Foreign Ministry on Saturday [7 May] to clarify his government's position on the Nagano affair, a Japanese official said.

Kunihiro told Vice Foreign Minister Tang Jiaxuan that the basic stand of Japanese Prime Minister Tsutomu Hata and Foreign Minister Koji Kakizawa would be "to make great efforts for future-oriented relations between Japan and China," an embassy spokesman said.

Tang said the Chinese Government "was reacting with restraint" over the Nagano affair, but seeing the enormous political repercussions the issue has aroused, they "felt indignant and very concerned," the spokesman said.

The Chinese vice minister said his government will pay great attention "to the manner in which Japan deals with Nagano."

Justice Minister Shigeto Nagano caused an uproar Wednesday when he denied that Japan waged a war of aggression in Asia during the 1930s and World War II and massacred hundreds of thousands of Chinese in Nanjing in 1937.

Chinese newspapers Saturday reported Nagano's public retraction of his remarks and apology on Friday and also the possibility of his resignation after Hata's return from a trip to Europe.

Tang told the Japanese ambassador to convey to the Japanese Government that Nagano's statements "greatly hurt and angered the people of China," the spokesman said.

Foreign Ministry Informed of Resignation

OW0905055194 Tokyo KYODO in English 0501 GMT 9 May 94

[Text] Beijing, May 9 KYODO—Japan has notified China of the resignation of Justice Minister Shigeto Nagano, the Japanese Embassy said in a statement Monday [9 May].

Japanese consular official Yasuyoshi Ichihashi notified Chinese Foreign Ministry official Qian Xianglin on

Sunday of Nagano's resignation and the appointment of Hiroshi Nakai as new justice minister, the statement said.

Ichihashi also conveyed the stance of Prime Minister Tsutomu Hata concerning Japan's involvement in World War II.

"Our past action, including aggression and colonial rule, caused unbearable suffering and sorrow. It is essential for each one of us to face history squarely and to share in determination not to repeat it," Hata was quoted as saying.

Qian was quoted as responding, "I appreciate your notification and will soon report it to my superior."

Nagano resigned Saturday after causing an uproar over his comments denying Japan's aggression during World War II and calling the massacre of hundreds of thousands of Chinese in Nanjing a "fabrication."

Former Japanese Prime Minister Becomes Honorary Citizen

OW0605183994 Beijing XINHUA in English 1355 GMT 6 May 94

[Text] Shenzhen, May 6 (XINHUA)—Former Japanese Prime Minister Toshiki Kaifu became an honorary citizen of this city yesterday.

Shenzhen Mayor Li Youwei handed Kaifu, the city's first ever honorary citizen, a badge and certificate here yesterday.

Kaifu first visited here in 1985 in the capacity of Japan's education, culture and science minister. He toured the city three more times later. In 1991, Shenzhen University conferred on Kaifu the title of "honorary professor".

Li praised Kaifu for his unremitting efforts in promoting the friendly exchanges and economic cooperation between Shenzhen and Japan as well as between the two countries.

Kaifu said he was honored to become a Shenzhen honorary citizen, adding that he will do his best for the furthering of Japan-China friendly relations.

XINHUA Cites Mongolian Commentary on Li Peng's Visit

OW0805131094 Beijing XINHUA Domestic Service in Chinese 1204 GMT 5 May 94

[Text] Ulaanbaatar, 5 May (XINHUA)—The 5 May issue of the "UNEN" Mongolian newspaper carries a commentary on the important significance of the just-concluded visit by Li Peng, premier of China's State Council, to Mongolia.

The commentary, which is entitled "The Most Honorable Guest From the Great Southern Neighboring Country," declares that thanks to a change in the international

political climate, the tortuous history of Mongolian-Chinese relations is a thing of the past. The newspaper added that the visit of the most honorable guest from China to Mongolia at this juncture in which the bilateral relationship is moving ahead in line with the new era and the new concept has contributed greatly to enhancing the friendly and cooperative relationship between the countries.

The commentary notes that because China has been accelerating the pace of its development and expanding its scale of development in recent years, it is playing an increasingly larger role in international politics and in the world's economic life.

The commentary points out that during his visit to Mongolia, Premier Li Peng stressed that the Chinese Government has always attached importance to Sino-Mongolian ties, that China will not interfere in Mongolia's internal affairs, and that China is willing to work together with the Mongolian Government to develop lasting good-neighbor, friendly, and cooperative relations which look to the 21st century. This will undoubtedly have an important impact on increasing trust in the bilateral friendly and cooperative relationship.

ROK Sets Up Culture, Information Center in Beijing

*OW0605183794 Beijing XINHUA in English
1353 GMT 6 May 94*

[Text] Beijing, May 6 (XINHUA)—The Korean Culture and Public Information Center, set up by the Republic of Korea (ROK), opened here today.

Officials from the Chinese Ministries of Foreign Affairs and Culture attended the opening ceremony here this afternoon. ROK Ambassador to China Hwang Pyong-tae cut the ribbon at the ceremony.

The center includes a reference room, reading room, projection room, video room, service desk and a lounge.

According to an official of the center, its establishment is aimed at helping the Chinese people to learn more about the ROK, so as to promote cooperation and exchanges between the ROK and China.

He said that the center will, for the promotion of ROK-China relations, serve as a window for introduction of the ROK to the Chinese and also as an information library of cooperation between the two countries.

Southeast Asia & Pacific

Cambodia's King Sihanouk Receives Yunnan Delegation

*OW0805124794 Beijing XINHUA in English
1157 GMT 8 May 94*

[Text] Phnom Penh, May 8 (XINHUA)—King of Cambodia Norodom Sihanouk and Queen Monineath Sihanouk today hosted a banquet in honor of He Zhiqiang, governor of China's Yunnan Province.

The visiting governor said that he and his delegation are bringing the friendship of the 38 million people of Yunnan Province to the king and the queen as well as the Cambodian people.

Sihanouk said that there has been a very close and deep friendship between the two nations in the past decades, "from the late Chairman Mao, the late Premier Zhou Enlai, to his excellency Deng Xiaoping, President Jiang Zemin and Premier Li Peng."

He added that he is proud that even Chinese children "know me and Cambodia."

A six-member delegation from the Yunnan Provincial Government led by He Zhiqiang arrived here on Friday [6 May] for a five-day goodwill visit to the country. This has been the second provincial delegation, following Guangdong Province, to visit Cambodia since the royal government was founded last October.

He Zhiqiang and the delegation called on Co-Prime Ministers Norodom Ranariddh and Hun Sen on the day of their arrival and visited the port city of Sihanouk on Saturday.

On the rebuilding of Cambodia, Sihanouk said that the Cambodian economy in the 1950s and 1960s was better than that at present. After the 20-year-long war, Cambodia is poor and needs economic and technical assistance from foreign countries, he said.

"I am so happy that Cambodia and Yunnan Province will develop economic cooperation, particularly cooperation in agricultural technology," the king said.

He called on all parties in Cambodia to do their best to maintain peace and stability in Cambodia, without which foreign investors will hesitate to invest in the country.

He Zhiqiang, who is accompanied by 15 businessmen, agreed with what the king said and appreciated his efforts to rebuild Cambodia. He said his province will do its best to help Cambodia in its reconstruction.

Cambodia is the first leg of the delegation's three-nation-tour in Southeast Asia. The Chinese guests are scheduled to leave here on Wednesday for Thailand and Burma.

Lao Defense Minister Arrives for Visit

*BK0705113894 Beijing China Radio
International in Lao 1230 GMT 6 May 94*

[Text] This afternoon, Lieutenant General Choummali Sai-gnason, national defense minister of Laos, and a delegation of 16 high-ranking [Lao] military officers arrived in Beijing for a five-day official friendship visit to the PRC at the invitation of the National Defense Ministry of the PRC. The delegation had earlier stopped

off and toured Chengdu, Sichuan Province, where they were accorded a warm welcome by local administrative authorities.

Liu Huaqing Receives Lao Defense Minister

OW0805050294 Beijing XINHUA Domestic in Chinese 1157 GMT 7 May 94

[Text] Beijing, May 7 (XINHUA)—Liu Huaqing, vice-chairman of the Central Military Commission, today expressed the hope that the mutually trusted ties and cooperation between China and Laos will be developed in a long-term way.

This will be beneficial to both, said Liu at a meeting with a senior delegation from the Laotian Ministry of National Defence led by its minister Choummali Saignason in the Diaoyutai State Guesthouse here this afternoon.

Their friendly conversation mainly centered on the further development of Sino-Lao relations and other issues.

Liu said China and Laos have enjoyed a long history of friendly contacts. At present bilateral ties have grown well and personnel exchanges between the two countries are increasing.

"It is our hope that such mutually trusted friendly ties will develop for a long time, which is beneficial to both," he said.

During the meeting Liu also briefed the visitors on China's reform and opening to the outside world.

Liu noted China has made great achievements in its reform and opening to the outside world over the past 15 years, adding that China is now in the best period since its founding in 1949.

Facts prove that a series of principles and policies that China is implementing are really effective, he said.

Of course, he said, since China is a very large country, its development is unbalanced. This requires us to continuously explore, take a positive attitude, and overcome difficulties so as to promote its economic development.

Choummali said the Laotian Government, Army and people will never forget the help that the Chinese Government, Army and people have offered to them.

"It is our resolute conviction to further consolidate and develop ties between the two governments, armed forces and peoples. The changing world situation will strengthen our resolve to this conviction," he said.

Choummali said: "We will do our best to promote bilateral friendly ties and cooperation in depth and in an all-round way."

The delegation arrived here on May 6 for an official goodwill visit to China at the invitation of State Councillor and Minister of National Defence Chi Haotian. Before their arrival here they visited Chengdu of Sichuan Province.

This morning, Chi hosted a welcoming ceremony on the square in front of the Military Museum of the Chinese People's Revolution here for Choummali and his party. Then the two ministers held talks and exchanged views on the development of the relations between the two countries and the two armed forces and international issues of common concern.

This evening, Chi gave a dinner in honor of Choummali and his party.

Wei Jianxing Receives Vietnamese Delegation

OW0805132694 Beijing XINHUA in English 1255 GMT 8 May 94

[Text] Beijing, May 8 (XINHUA)—Wei Jianxing, member of the Political Bureau and member of the Secretariat of the Central Committee of the Communist Party of China (CPC), met here today with a delegation from the Control Commission of the Central Committee of the Vietnamese Communist Party.

Extending a welcome to the visitors, Wei, also secretary of the CPC Central Commission for Discipline Inspection, said that China and Vietnam enjoy longstanding friendly relations and that in recent years, the friendly, cooperative areas between the two parties and two countries have kept expanding.

As developing nations, China and Vietnam are faced with many issues of common concern and the discipline inspection departments of the two parties can learn from each other in many aspects, Wei said.

He expressed the hope that the contacts and cooperation between the two discipline inspection departments be further enhanced.

Do Quang Thang, member of the Political Bureau, member of the Secretariat, and director of the Control Commission of the Central Committee of the Vietnamese Communist Party, thanked Wei for the warm reception here.

He voiced the hope that his delegation's visit will help to further the exchanges and friendship between the discipline inspection departments of the two parties.

After the meeting, Wei hosted a banquet for the visitors.

The Vietnamese visitors arrived here yesterday for an 11-day visit to China at the invitation of the CPC Central Commission for Discipline Inspection.

Near East & South Asia**Qian Qichen Meets Iraqi Official, Views Middle East Peace***OW0705092594 Beijing XINHUA Domestic Service in Chinese 0437 GMT 7 May 94*

[By reporter Zou Chunyi (6760 2504 5030)]

[Text] Beijing, 7 May (XINHUA)—Qian Qichen, vice premier and foreign minister, said here today: An agreement signed between the PLO and Israel on implementing self-rule in Gaza and Jericho has once again proved that only negotiations and political dialogue are the best way to solve problems.

He made the statement while meeting with the visiting Riyadh Sami al-Qaysi [name as received], special envoy and deputy foreign minister of the Iraqi Government.

Qian Qichen said: This agreement, [Beijing XINHUA in English at 0811 GMT on 7 May transmits a similar report describing the agreement mentioned by Qian Qichen. The PLO's 'Arafat and Israel's Rabin signed an agreement in Cairo on May 4 on implementing the principles of declaration on self-government in Gaza and Jericho] which was finally signed after arduous negotiations between the PLO and Israel, is an important and positive achievement in the Middle East peace process. The Chinese Government congratulates them on it and supports it.

He said: "We hope that the PLO and Israel cherish this hard-earned achievement and continue to strive for the smooth implementation of the agreement. We also hope that by taking this opportunity, all concerned parties of the Middle East issue will adopt a flexible and pragmatic attitude as well as continue to work hard for comprehensive progress in the Middle East peace process so that a comprehensive and just peace in the region can be achieved at an early date."

Qian Qichen Hopes for Peaceful Resolution of Gulf Problems*OW0805193094 Beijing XINHUA in English 0743 GMT 7 May 94*

[Text] Beijing, May 7 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen said here today that the problems left over from the 1991 Gulf war should be peacefully solved on the basis of the total implementation of the resolution of the United Nations Security Council.

He told Riyadh Sami al-Qaysi, special envoy of the Iraqi Government, during their meeting that China maintains that the problems should be settled through dialogue and discussion by the parties concerned in order to recover peace and stability in the Middle East region.

Qian said that China was sympathetic to the difficult situation of the Iraqi people, and advocated that the

international community should objectively comment on Iraq's implementation of the U.N. resolution.

The sanctions against Iraq should be gradually reduced in accordance with the changes in the situation, and out of humanitarian considerations, to ease the sufferings of the Iraqi people, Qian said.

He also expressed his hope that the Iraqi side would continue its co-operation and dialogue with the United Nations in an effort to properly solve the differences between the two sides in carrying out the U.N. Security Council resolution.

The Chinese vice-premier said that Iraq's clear recognition of Kuwait's sovereignty, independence and territorial integrity is very important for resuming their bilateral good-neighborly ties, and for ending the sanctions against Iraq at an early date.

During the meeting Riyadh, also Iraqi deputy foreign minister, introduced Iraq's implementation of the U.N. Security Council resolution, and its stand on issues such as the long-term weapons supervisory plan and sanctions.

Foreign Ministry Spokesman Calls For Peace in Yemen*OW0705121794 Beijing XINHUA Domestic Service in Chinese 1058 GMT 7 May 94*

[Text] Beijing, 7 May (XINHUA)—A Foreign Ministry spokesman today said that China sincerely hopes the south and north parts of Yemen will maintain calm, exercise restraint, and prevent the conflicts from worsening.

A reporter asked: What is the Chinese Government's attitude toward the armed conflicts between the south and north parts of Yemen?

The spokesman said: "China has good relations with Yemen and is very concerned about developments in the situation in Yemen. As a friend of the Yemeni people, China sincerely hopes that the south and north parts of Yemen will maintain calm, exercise restraint, prevent the conflicts from worsening, and settle their differences through consultations, in order to restore domestic peace and stability."

Sub-Saharan Africa**Jiang Zemin, Kenya's Moi Hold Talks, Sign Accords***OW0605140094 Beijing XINHUA in English 1333 GMT 6 May 94*

[Text] Beijing, May 5 (XINHUA)—Chinese President Jiang Zemin stressed during his talks with Kenyan President Daniel T. Arap Moi that China is willing to

further the friendly cooperation with Kenya and strengthen the bilateral coordination and discussion of international affairs.

During the talks lasting over one hour here this afternoon, the two sides exchanged views on bilateral ties and African and international issues.

Both of them expressed satisfaction with the smooth development of Sino-Kenyan ties and shared the views that the two countries, as developing ones, face the same tasks of safeguarding peace and seeking development and that improving bilateral relations is in the interest of the two peoples.

Jiang said that Moi, who had visited China twice, was an old friend well-known and respected by the Chinese people.

He pointed out that China attached great importance to its relations with Kenya and would like to consistently strengthen and develop the cooperative ties in various fields on the basis of the five principles of peaceful co-existence.

Jiang expressed his appreciation for Kenya's one-China policy and extended his thanks for Kenya's support of China to resume its signatory status in the General Agreement on Tariffs and Trade.

The two countries have supported and cooperated with each other on the human rights issue, he said, adding that China would like to further its cooperation and discussions with Kenya on other international issues.

On bilateral economic and technological cooperation, Jiang said that the Chinese Government encourages its companies to conduct business abroad, and he hoped that the two countries would carry out various people-to-people economic exchanges as well as governmental cooperation.

Jiang also spoke highly of Moi's stand for Africans handling African affairs by themselves, opposing foreign interference, establishing a political and economic system according to each country's own situation, and strengthening unity of the nations.

He gave a briefing to the guests on China's reform and opening and the idea of implementing a socialist market economy, as well as on China's independent foreign policy.

Moi said that the aim of the visit is to meet with the Chinese leaders and acquaint himself with China's economy in an effort to learn from each other and seek common development.

He said that the two countries had many common views on such international issues as human rights, and no country should impose its human rights conception on others since the domestic situations were different.

He reaffirmed Kenya's one-China stand and warmly invited Jiang to visit Kenya.

After the talks, the two presidents participated in the signing ceremony of the bilateral agreement on economic and technological cooperation, agreement on culture between 1994 and 1996, and protocol on educational exchanges.

Among those present at the talks were Qian Qichen, Chinese vice-premier and foreign minister, Tian Zengpei, deputy foreign minister, Chen Changben, chairman of the Chinese Government Reception Committee and deputy culture minister, Chen Pingchu, Chinese Ambassador to Kenya, S.K. Musyoka, minister of foreign affairs and international cooperation, J.J. Kamotho, minister of education, and James Simani, Kenyan ambassador to China.

Before the talks, Jiang Zemin held a greeting ceremony in honor of Moi.

This morning, the Kenyan President laid a wreath at the Monument to the People's Heroes.

The two sides also held ministerial talks today on furthering bilateral educational and agriculture ties.

Li Peng Holds Talks With Kenyan President

OW0705141894 Beijing XINHUA in English
1311 GMT 7 May 94

[Text] Beijing, May 7 (XINHUA)—One experience attributing to the achievements China has made over the past 15 years is that the government has always paid attention to the correct handling of the relations between reform, development and maintaining stability.

This was stated by Premier Li Peng at a meeting with Kenyan President Daniel T. arap Moi here today.

Reform can be deepened and economic and social development promoted only under the conditions of stability, Li said.

In the process of the reform, Li noted, the government encourages the spirit of making bold explorations and summing up experience constantly, and all reform measures should be tested in practice. A measure will be persisted in and perfected so long as it is beneficial to developing productivity, to strengthening the comprehensive national power and to raising the people's living standards, the premier added.

Since reform policies were carried out under the guidance of the theory of building socialism with Chinese characteristics, Li said, great changes have taken place in China. But there is a long way to go before China becomes a strong and prosperous country and dozens of years of more efforts are still needed, he added.

During the meeting, Li told Arap Moi that the Chinese Government attaches great importance to its relations with Kenya. Thanks to the joint efforts, the relations

have been developing smoothly and will be consolidated and developed in the future.

Li described Kenya as a country of important influence in Africa, praising the Kenyan Government for its achievements in safeguarding state sovereignty, maintaining national unity and developing the national economy. China also appreciates Kenya's foreign policy of non-alignment and keeping friendly relations with its neighboring countries. The policy has contributed to the stability in East Africa, Li said.

Arap Moi said that his visit to China has served to further strengthen and develop bilateral relations, trade and economic links in particular. The president also expressed agreement with what Li Peng said that all countries should choose their own roads of development in line with their own conditions.

Present at the meeting were Chen Changben, chairman of the Chinese Government Reception Committee and vice-minister of culture, Wang Changyi, assistant to the foreign minister, and Chen Pingchu, Chinese ambassador to Kenya. On the Kenyan side were S.K. Musyoka, minister of foreign affairs and international cooperation, J.J. Kamotho, minister of education, K. Kones, minister of state in the president's office, and P.L. Lotodo, minister of home affairs and national heritage.

President arap Moi is to leave here this evening for India.

More on Li Peng Meeting

OW0805044594 Beijing XINHUA Domestic Service in Chinese 1237 GMT 7 May 94

[By correspondent Yang Guojun (2254 0948 6874)]

[Text] Beijing, 7 May (XINHUA)—Premier of the State Council Li Peng met with Kenyan President T. arap Moi today at the Diaoyutai State Guest House and held warm and friendly talks with him.

At the beginning of the meeting, Li Peng welcomed President Moi's third visit to China on behalf of the Chinese Government, saying the Chinese Government and people attach great importance to the Sino-Kenyan relationship and to the friendship between the two peoples. He thanked their joint efforts and was pleased to see the smooth development of their bilateral relationship. China will continue to work together with Kenya to consolidate and develop bilateral ties.

Li Peng said Kenya is an important country of influence in Africa. The Kenyan Government and people, under the leadership of President Moi, have experienced gratifying achievements in safeguarding state sovereignty, maintaining national unity, and developing the national economy. China appreciates Kenya's foreign policy of peace and non-alignment, and of maintaining friendly relations with its neighboring countries. China also appreciates Kenya's positive contribution to safeguarding stability and development in East Africa.

Turning to China's reform and construction, Li Peng said China, a developing country with a large population, needs decades of more effort to become strong and prosperous. Therefore, the tasks ahead are arduous, and there is still a long way to go. China has undergone great changes following 15 years of reform in line with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. One important experience China has gained over the past 15 years which needs to be emphasized is China has always paid attention to the correct handling of relations between reform, development, and maintaining stability. Li Peng continued, saying reform can be deepened and economic and social development promoted only under stable conditions. In the course of reform, China encourages the spirit of making bold exploration and constantly summing up experience. All reform measures should be tested in practice. A measure will be persisted in and perfected so long as it is beneficial to developing productivity, to strengthening the comprehensive national power, and to raising the people's living standards.

Moi said he would leave China for home with a full memory of goodwill from the Chinese Government and people. The president added that he witnessed the great development of the Chinese economy during his visit. Moi said he wanted to congratulate the Chinese people for their achievements, and added he has achieved his goal of further enhancing and developing the friendly and cooperative relationship between the two countries, particularly economic and trade relations. Moi also said he completely agreed with Li Peng's view on "the need for each country to choose its own path of development in line with its circumstances."

Present at the meeting were Chen Changben, chairman of the Chinese Government Reception Committee and vice minister of culture; Wang Changyi, assistant to the foreign minister; and Chen Pingchu, Chinese ambassador to Kenya. On the Kenyan side were S.K. Musyoka, minister of foreign affairs and international cooperation; J.J. Kamotho, minister of education; K. Kones, minister of state in the president's office; P.L. Lotodo, minister of home affairs and national heritage; and James Simani, Kenyan ambassador to China.

This morning, President Moi toured the new technology and industry development and experimental zone as well as village and township enterprises in Beijing's Haidian District. The President and his party left here this evening for India after concluding their five-day state visit to China.

Kenya President Says Relations With China 'Strengthened'

OW0805171694 Beijing XINHUA in English 1639 GMT 8 May 94

[Text] Nairobi, May 8 (XINHUA)—Kenyan President Daniel arap Moi said here today that his visit to China has further strengthened the friendly cooperation between Kenya and China.

President Moi made the remarks on his return from the People's Republic of China where he paid a five-day state visit at the invitation of Jiang Zemin, president of China. This is his third visit to China. The previous visits were in 1980 and 1988 respectively.

At the welcoming ceremony prepared by Vice-President George Saitoti at Thejomo Kenyatta International Airport, Nairobi, President Moi said Kenya [and] China have been good friends since 1963 when Kenya gained independence.

He said during the visit, he has witnessed the rapid Chinese economic development wherever he toured, adding that all the countries in the world are now looking for ways of economic development, but the Chinese development maintains its own color.

He thanked the Chinese Government for providing Kenya an interest-free loan of six million U.S. dollars, and welcomed Chinese economic personnel to come and invest in Kenya in order to develop the country's economy.

West Europe

Politburo's Li Ruihuan Visits Finland, Sweden

Addresses Business Luncheon

OW0805105294 Beijing XINHUA Domestic
Service in Chinese 1616 GMT 4 May 94

[By reporter Zhao Changchun (6392 7022 2504)]

[Text] Helsinki, 4 May (XINHUA)—(Numining), chairman of the Finnish-Chinese Trade Association, hosted a welcoming luncheon here today for the visiting Li Ruihuan, chairman of the Chinese People's Political Consultative Conference. They both delivered speeches at the luncheon and said that they would make common efforts to further promote the development of economic and trade relations between the two countries.

At the beginning of his speech, Li Ruihuan briefed those at the luncheon on China's reform and opening up. He said that 1994 marks an important year for China's continued reform efforts. This year will see the concentrated introduction of the largest number of new reform measures. The new reform measures will be unprecedented in terms of their scale, scope, difficulty, and their being in-depth in nature. Our general policy is: seize the opportunity, deepen reform, open up wider, promote development, and maintain stability. With the advancement of reform and opening up, China's economy has made great strides and has entered the period of sustained, rapid, and healthy development, which gives foreign businesses a great opportunity for carrying out economic and trade cooperation with China.

Li Ruihuan said that Finland is an industrialized and developed country and that it possesses advanced technologies in many economic sectors. Seen from the perspective of the complementary nature of the two countries' economies and from the respective countries' economic strengths, there are great potentials for cooperation between the two countries, and such potentials need to be further tapped. He added that he would like to take this opportunity to tell Finnish business circles that the Finnish experience means much to China, that Finnish technology is useful to China, and that China is interested in and has confidence in expanding economic and trade relations with Finland. China welcomes more Finnish businessmen to invest in China, to trade with China, and to participate in China's modernization construction.

(Numining) said that China's reform and opening up have provided conditions for expanding Finnish-Chinese economic and trade cooperation and have helped make it possible for the two countries to achieve marked progress in their bilateral economic and trade ties. The increase in the exchange of high-level visits in recent years has further promoted the economic and trade relationship between the two countries. He expressed the belief that Chairman Li's current visit would further promote the development of bilateral economic and trade ties.

Li Ruihuan also fielded Finnish businessmen's questions at the luncheon.

Visits Papermaking Machinery Plant

OW0805111994 Beijing XINHUA Domestic
Service in Chinese 1418 GMT 4 May 94

[By reporter Zhao Changchun (6392 7022 2504)]

[Text] Helsinki, 4 May (XINHUA)—Li Ruihuan, visiting chairman of the Chinese People's Political Consultative Conference, visited the Finland (Weimeide) Corporation's paper-processing machinery plant on the morning of 4 May at Jarvenpaa, which is 40 km from Helsinki.

The Finland (Weimeide) Papermaking Machinery Corporation is currently the world's major manufacturer of papermaking and paper-processing machinery. The company's papermaking machinery plant at Jarvenpaa specializes in manufacturing coating machines, supercalenders, and paper winders needed in the postproduction process of papermaking, as well as the relevant automatic installation devices [as received] for these pieces of equipment. The majority of this machinery is exported to Europe, North America, and Asian countries, including China.

(Madi Songdeboge), president of the (Weimeide) Papermaking Machinery Corporation, and persons in charge of the Jarvenpaa paper-processing machinery plant briefed Li Ruihuan on the plant's production, and they

also accompanied him on a visit to the plant's paper-making machinery scientific research center and production department.

At the plant's workshop for assembling export equipment, a person in charge pointed to two sets of paper winders being assembled and told Li Ruihuan: These machines have been ordered by China, and they will be shipped to China's Suzhou shortly. During his visit, Li Ruihuan asked detailed questions about the plant's production, output value, and workers' postretirement security.

The (Weimeide) Corporation has maintained close cooperation relations with China since the 1950's. In the past few years, the company has successively exported eight sets of papermaking machinery and equipment, including large-sized papermaking machines, cardboard-making machines, and other paper-processing equipment. In addition, the company has established a joint venture enterprise with the China Xian Papermaking Machinery Plant to produce medium and small paper-making machinery.

Leaves Finland for Sweden

*OW0605111994 Beijing XINHUA in English
0935 GMT 6 May 94*

[Text] Rovaniemi (Finland), May 6 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), ended his four-day official visit to Finland today and left here for Sweden to continue his current European tour.

During his stay, Li met with Finnish President Martti Ahtisaari [name as received], Parliament Speaker Riitta Uosukainen, Prime Minister Esko Aho and Foreign Minister Heikki Haavisto over a variety of bilateral and international issues of mutual concern.

The Chinese leader arrived at Finland's northern city of Rovaniemi from Helsinki Thursday [5 May] for a brief visit and was seen off at the city's airport this morning by Deputy Director of the Press Department of the Finnish Foreign Ministry Timo Jalkanen and Finnish Ambassador to China Ilkka Ristimäki.

Finland was the first leg of Li's current five-European-nation tour which will also take him to Sweden, Norway, Denmark and Belgium.

Arrives in Gothenburg, Sweden

*OW0605184294 Beijing XINHUA in English
1343 GMT 6 May 94*

[Text] Gothenburg, Sweden, May 6 (XINHUA)—Li Ruihuan, chairman of the national committee of the Chinese People's Political Consultative Conference (CPPCC), arrived in Sweden's second largest city of Gothenburg today for a five-day official goodwill visit to the Nordic country.

Li was met by city Mayor Lars Aeke-Skager and others at the airport.

Li is currently on an official goodwill visit to five European countries: Finland, Sweden, Norway, Denmark and Belgium. This is the second leg of his tour which has already taken him to Finland.

During his stay in Finland, the Chinese leader discussed bilateral relations and international issues of common concern with Finnish President Martti Ahtisaari, Prime Minister Esko Aho and Parliament Speaker Riitta Uosukainen.

"I am very satisfied with the visit (to Finland), and hope that high-level contacts between our two countries will be maintained and increased," Li said in a message to Finnish Foreign Minister Heikki Haavisto during his flight to Sweden.

The Chinese leader is expected to visit the famous ball bearing producer S.K.F. and other industries in Gothenburg, Sweden's biggest seaport and an industrialized city with a population of 450,000.

Li is leaving on May 8 for the capital city of Stockholm and meet with Swedish Government and parliamentary leaders.

Meets Gothenburg Mayor

*OW0705030394 Beijing XINHUA in English
0236 GMT 7 May 94*

[Text] Gothenburg, Sweden, May 6 (XINHUA)—Lars-Ake Skager, mayor of Gothenburg, and Li Ruihuan, visiting chairman of the Chinese People's Political Consultative Conference (CPPCC) on Friday [6 May] spoke highly of the friendship and cooperation between Shanghai and the Swedish city.

They made their remarks at a banquet hosted in Gothenburg by the local mayor in honor of Li and attended by his entourage and senior local figures from the political and business fields.

Skager pointed out that Sweden and China had been conducting trade and economic exchange for many centuries and that the friendship between them had a long history.

Gothenburg was an important meeting point in their business activities and had established sisterly ties with Shanghai, the biggest city and an economic center of China, said the mayor.

He added that as a result, cooperation between the two cities in various fields had developed quickly.

In his turn, Li commented that as early as 250 years ago, a Swedish cargo ship had set sail from Gothenburg for the first voyage to China and that later from Gothenburg Chinese goods had been delivered to other parts of Sweden.

Currently, based on its high level of technical development, Gothenburg was making fresh advances in its cooperation with China in trade and the economy, said the CPPCC leader.

Before the banquet, the mayor briefed Li on the joint efforts being made by the two cities in environmental protection and Li expressed his appreciation for their increasing cooperation in various fields.

Arrives in Stockholm

OW0805135694 Beijing XINHUA in English
1334 GMT 8 May 94

[Text] Stockholm, May 8 (XINHUA)—Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), arrived here today to continue his five-day official goodwill visit to Sweden.

He flew to Stockholm at noon from Sweden's second largest city of Goeteborg, where he began the Nordic nation tour on Friday [6 May].

Swedish Cabinet Secretary Lars-Ake Nilsson greeted Li at the airport.

In a statement Li said he would exchange views with Swedish leaders on issues of common concern, as well as visiting factories and enterprises.

He believed that his visit would further promote understanding and cooperation and friendship between the two countries.

Li is currently on a tour of five European nations including Finland, Sweden, Norway, Denmark and Belgium. This is the second leg of his visit which has already taken him to Finland.

East Europe

Romanian President Meets PLA Chief Zhang Wannian

OW0705012294 Beijing XINHUA in English
0030 GMT 7 May 94

[Text] Bucharest, May 6 (XINHUA)—Romanian President Ion Iliescu said today that his country wishes to expand cooperations with China in political, economic and military spheres.

Iliescu made the remark during a meeting with the chief of staff of the People's Liberation Army of China, Zhang Wannian.

Iliescu also said that his tour of the southern Chinese province of Guangdong earlier this year has left him with very deep impression.

He said Romania would like to learn from China's experience in economic development.

Meets Romanian Premier

OW0805114794 Beijing XINHUA Domestic
Service in Chinese 0730 GMT 5 May 94

[By RENMIN RIBAO reporter Zhang Zhipeng (1728 1807 7720) and XINHUA reporter Zheng Jian (6774 1017)]

[Text] Bucharest, 4 May (XINHUA)—When Romanian Prime Minister Vacaroiu met with General Zhang Wannian, member of the Central Military Commission and chief of the People's Liberation Army of China General Staff, and his party on the afternoon of 4 May, he said that the Romanian Government is sincerely pleased with the tremendous achievements scored by China in economic and social development and that it is determined to further develop and expand its friendly cooperation with China.

Vacaroiu said: A traditional friendship exists between Romania and China; they share identical or similar views on major international issues, and their government departments have been holding contacts with each other at regular intervals. He expressed the hope that the meeting to be held by the mixed committee of the two governments soon will further promote the vigorous development of trade and economic relations between the two countries.

During the meeting, Zhang Wannian stressed that China and Romania are good and old friends. He focused his briefing on China's political stability, economic development, national unity, and social progress.

This morning, Lieutenant General (Chevlin), state secretary of Romania's Ministry of National Defense and chief of the Romanian armed forces joint staff, held formal talks with Zhang Wannian. Both sides unanimously expressed their belief that great changes have taken place in the two countries in recent years but that these have not affected Sino-Romanian friendship. The friendly relations between the two countries, between their peoples, and between their armies have enjoyed further development under the new historical condition. At the end of their talks, Romanian Defense Minister Tinca met with Zhang Wannian and his party.

Zhang Wannian and his party arrived here on the afternoon of 3 May for a four-day goodwill visit.

Army Chief of Staff Visits Poland

OW0705213194 Beijing XINHUA in English
1311 GMT 7 May 94

[Text] Warsaw, May 7 (XINHUA)—Zhang Wannian, chief of the general staff of the Chinese People's Liberation Army, arrived here today for an official goodwill visit.

General Zhang is expected to meet with Polish President Lech Walesa, Prime Minister Waldeman Pawlak and his

Polish counterpart General Tadeusz Wilecki for talks on military relations between the two countries and issues of common concern.

Karadzic, UN's Akashi Discuss Bosnian Violence

*OW0405023094 Beijing XINHUA in English
0156 GMT 4 May 94*

[Text] Belgrade, May 3 (XINHUA)—Bosnian Serb leader Radovan Karadzic and UN Special Envoy Yasushi Akashi today met in Pale to discuss how to prevent an outbreak of violence in another hot spot in Bosnia—Brcko.

Karadzic said that he had proposed a ceasefire between Serbs and Muslims in the area, and the deployment of an Unprofor force there. He also claimed that the Serbs would arrange a unilateral ceasefire if the Muslims would not agree to one.

While saying that the meeting had been helpful in promoting the peace process, Akashi would only promise more UN military observers for Brcko.

Brcko is a key strategic town bordering Serbia, the Serb-controlled area of Bosnia and the Serb-controlled part of Croatia.

The Bosnian Muslim government is reportedly preparing to launch a "war of liberation" in the area.

The Bosnian President Alija Izetbegovic, while inspecting the Muslim military front line near Brcko yesterday, said that the Muslims were ready for a decisive battle with the Serbs there.

Serb sources claim that the United States has promised to "take tough action" against the Serbs once the Muslim attack begins.

Political & Social

Li Peng Meets Foreign Friendship Association Members

OW0805141694 Beijing XINHUA Domestic
Service in Chinese 1301 GMT 6 May 94

[By reporters Zou Aiguo (6760 1947 0948) and Feng Xiuju (7458 4423 5468)]

[Text] Beijing, 6 May (XINHUA)—State Council Premier Li Peng today met in Beijing with all council members attending the national council meeting of the Chinese People's Association for Friendship With Foreign Countries [CPAFWFC].

On behalf of the CPC Central Committee and State Council, Li Peng extended his warm congratulations to the 40th anniversary of the founding of the CPAFWFC and to the opening of the meeting of the CPAFWFC's new national council. He said: Since the founding of the CPAFWFC 40 years ago, it has held high the banner of peace and friendship, has set its eyes on the whole world, has made friends all over the world, and has done a great deal to win international support and sympathy for the country's construction. Today, China's international status is the highest it has ever been, and we have friends around the world—these are the result of the painstaking labor of the proletarian revolutionaries of the older generation in promoting people-to-people diplomatic work, and of the diligent work of the large numbers of comrades engaging in people-to-people diplomatic work.

Li Peng said: Diplomatic and domestic work are closely related. Achievements in domestic work are the foundation for diplomatic work, and achievements in diplomatic work boost the development of domestic work. The underlying purpose of China's independent foreign policy of peace is to create a good international environment for the country's four modernizations drive.

Li Peng added: The work of the CPAFWFC and other nongovernment friendship organizations and groups shows that people-to-people diplomatic work is an effective supplement to official diplomatic efforts. Official diplomatic efforts should be integrated with people-to-people diplomatic work, and the two should be made mutually supporting; the prospects for people-to-people diplomatic work are very broad.

Li Peng said: "During the session of the CPAFWFC's last council meeting, I met with representatives attending a conference on friendship cities work. I told the conference's attendees that the spring of China's diplomatic work had arrived. Judging from the current situation, our prediction then has become a reality."

Speaking on the international situation and China's diplomatic principle, Li Peng said: The international situation currently is in a period in which the old setup is being transformed into a new one; the multipolar trend

has further developed. Following Comrade Deng Xiaoping's guidelines, over the last few years we have kept ourselves coolheaded and sober in observing, analyzing, and judging the development of the international situation, thus enabling us to continue to open up new situations in diplomatic work. The international community has widely applauded China's important proposals to establish a fair and reasonable new international order based on the Five Principles of Peaceful Coexistence, to respect the right of the peoples of all countries to choose on their own their own path of development, and to promote equal and mutually beneficial international economic cooperation and trade exchanges.

Li Peng said: China adheres to the policy of maintaining neighborly and friendly relations with its neighbors and of developing friendly and cooperative relations with them. This policy has played an increasingly important role in reinforcing and developing the good environments around the country. China's relations with the four Central Asian nations, Mongolia, and other Asian countries fully attest this.

Li Peng expressed his hope that the CPAFWFC will attune its work to the new situation. He said: All comrades engaging in people-to-people diplomatic work should take advantage of the current favorable international situation to make more friends in order to create a new situation in promoting people-to-people friendship. They should be familiar with the domestic situation and situations outside the country, should have a good understanding of the country's foreign policy, and should study harder to further improve themselves. They should further unite themselves, cooperate with each other, and truly work as veteran comrades long engaged in promoting people-to-people friendship. I hope they will make new contributions to promoting people-to-people friendship in the new period.

Concluding his speech, Li Peng said that he hoped all comrades attending the meeting, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and under the leadership of the party Central Committee with Comrade Jiang Zemin as its core, will strive for new development and progress to bring about more lasting peace and friendship for China and the world, which will soon enter the 21st century.

Li Lanqing, Wang Guangying, Luo Gan, and other comrades attended the meeting.

Foreign Friendship Society Elects New President

OW0705135394 Beijing XINHUA in English
1315 GMT 7 May 94

[Text] Beijing, May 7 (XINHUA)—The third council session of the Chinese People's Association for Friendship With Foreign Countries (CPAFFC) concluded here this afternoon after electing its new president.

Former Vice-Foreign Minister Qi Huaiyuan, who is now director of the Foreign Affairs Office of the State Council, was elected CPAFFC president.

Delivering a speech after the election, Qi said that the CPAFFC, as a non-governmental organization, should explore new working methods to cope with the new international and domestic situation.

The CPAFFC council session also elected three vice-presidents and secretary-general and appointed 10 advisors.

Jiang Zemin Comments on Shanghai Inspection Tour

*OW0605144194 Beijing XINHUA in English
1429 GMT 6 May 94*

[Text] Shanghai, May 6 (XINHUA)—Chinese President Jiang Zemin conducted an investigation tour here, soliciting opinions from all walks of life on the reform and opening up, economic development and social stability.

On April 26-May 6, Jiang, also general secretary of the Communist Party Central Committee, visited local state-owned enterprises, where he had discussions with a number of enterprise managers on the establishment of a modern enterprise system in China.

He stressed the important role that large state enterprises play in establishing and developing a socialist market economic system, pointing out that the basic way out for state-owned enterprises lies in the further deepening of reforms.

Conditions are good in Shanghai for carrying out a modern enterprise system on a trial basis, said Jiang.

He urged the municipal party committee and the local government to continue to create a favorable environment and conditions for the reform of enterprises by conducting active explorations in readjusting the government's functions, improving the management of state-owned assets, perfecting the management inside enterprises, establishing a social security system, perfecting the market system and relieving the enterprises of excessive burdens.

The work should be well organized and done step by step, he said.

He called on party committees at various levels to earnestly study Deng Xiaoping's theory of building socialism with Chinese characteristics and better put it to practice.

In response to the demand of developing a socialist market economy, Jiang said, great efforts must be placed on the building of socialist ethics to improve the quality of the people at large and advance the development of the society on the whole.

He fully confirmed the achievements of local authorities in carrying out the national economic guidelines and ensuring good momentum in the economic development.

Jiang noted that the central authorities will persist firmly in the policy of opening up and developing Shanghai's Pudong New Area, the largest economic development zone in China.

The Pudong New Area not only concerns the development of Shanghai but also is an important symbol of China's reform and opening policy, Jiang said.

He asked local officials to insist on emancipating their minds and seeking truth from facts, to maintain and push the good momentum forward and do better work in the future.

Selected Readings of Deng's Works for Youth Published

*OW0605192594 Beijing XINHUA in English
1605 GMT 6 May 94*

[Text] Beijing, May 6 (XINHUA)—A forum was held here today to mark the publishing of the selected readings of Deng Xiaoping's works for youth.

The book, published by the China Youth Publishing House, consists of Deng's 54 articles and speeches which are representative of his works concentrating on the theory of building socialism with Chinese characteristics.

Zheng Bijian, deputy executive head of the Propaganda Department of the Communist Party Central Committee, spoke at the forum, stressing that young people should study the original works of Deng Xiaoping, understand Deng's theory of building socialism with Chinese characteristics, use the theory to correctly observe the basic issue of the modern society of China and scientifically understand Marxism in modern China.

Deng's Son Calls on Athletes With Peng Peiyun

*OW0605122994 Beijing XINHUA Domestic
Service in Chinese 0837 GMT 5 May 94*

[Excerpt] Beijing, 5 May (XINHUA)—Peng Peiyun, state councilor and chairman of the State Council's Coordinating Committee for Work Toward the Disabled, today went to Beijing's Xiannongtan Stadium to call on some athletes, coaches, and workers of the Chinese delegation to the Sixth Far East and South Pacific Games for the Disabled. The athletes were under intensive training for the games.

Accompanied by Comrade Deng Pufang [Deng Xiaoping's son], president of the Chinese Federation for the Disabled, and other comrades, Peng Peiyun watched the Beijing municipal team in training, listened attentively to a briefing on group training, and held informal discussions with the disabled athletes. [passage omitted]

Government Authorities Detain More Activists

Lin Muchen Arrested in Shanghai

HK0505052394 Hong Kong TUNG FANG JIH
PAO in Chinese 9 May 94 p 11

[Dispatch from New York: "Shanghai Pro-Democracy Activist Lin Muchen [2651 3668 2525] Detained While Checking In at Airport"]

[Text] Lin Muchen, one of the drafters of the "19 Articles on 1994 Charter of Political Democratization," which was initiated by 54 people, including Bao Ge [7637 2047], Yang Zhou [2799 0719], and so on, had originally planned to leave Shanghai by Korean Air last Friday morning [6 May] for the United States to further his education at his own expense. Unexpectedly, when he checked in at the airport, he was detained by the authorities. By late Friday night there had been no news about him, and his family also knows nothing of his whereabouts despite inquiries through many channels.

As disclosed by a friend of Lin Muchen in New York, Lin was approved and issued with a student visa by the U.S. Consulate General in Shanghai to further his studies at his own expense.

Lin's friend pointed out that the Chinese authorities had approved allowing him to leave the country, but suddenly went back on their word and detained him. Obviously, this action is unwise as it happens on the eve of when U.S. President Clinton is about to announce whether he will extend most-favored-nation treatment to China on 3 June.

Lin Muchen is an "old line" pro-democracy activist. He was one of the organizers of the "Shanghai Spring" during the period of the "Xidan Democracy Wall" movement in Beijing as early as the late 1970's. Later, he was thrown into prison for his active participation in the pro-democracy movement in 1989.

Meanwhile, last Saturday [7 May] marked two years' of detention without trial for another Chinese dissident, Kang Yuchun [1660 3768 2504], who is being kept in the heavily guarded Beijing Banbuqiao Detention Center, and whose relatives and friends have heard nothing about him so far.

Dissident Zhai Weimin Arrested in Beijing

HK0905103794 Hong Kong AFP in English 1031
GMT 9 May 94

[Text] Beijing, May 9 (AFP)—Zhai Weimin, a former student leader in the 1989 pro-democracy movement, was arrested here last month, a friend of Zhai's said Monday. "Zhai Weimin was detained by police on April 23, and we have had no word of him since then," the source said.

Zhai had been arrested in Beijing in early March, and was then imprisoned in his home province of Henan, in

central China. He had returned to Beijing in late March. He is the fifth Chinese dissident to be rounded up by police in less than a month. Four pro-democracy activists have been arrested in Shanghai since April 14.

Zhai, 23, was jailed for three and a half years for his role in the pro-democracy movement, which was crushed by the People's Liberation Army on June 4 1989. He was freed last September 13.

Further on Shanghai Dissidents' Arrests

HK0905080894 Hong Kong AFP in English 0751
GMT 9 May 94

[Text] Beijing, May 9 (AFP)—Chinese police arrested three more dissidents in Shanghai last week, including a painter, Lin Muchen, who was about to board a plane for the United States, a spokesman said.

Yang Zhou, who is spokesman of the Chinese Association for Human Rights, said Lin was detained at the airport on Friday.

"We understand that he was stopped by border police as he was about to board a flight to Seoul, where he was going to change planes for the U.S.," a spokeswoman at the U.S. consulate in Shanghai said. "He had been issued with a student visa for the U.S."

The other two were Li Guotao, the association's president, who was detained on May 2, and Dai Xuezhong, another association member, who was arrested the following day. The association's secretary-general, Wang Fucheng, has been in custody since April 14.

The detentions come in the runup to the fifth anniversary of the Tiananmen Square killings, when the People's Liberation Army crushed a pro-democracy movement in the heart of Beijing in 1989. "The June 4 commemoration is approaching, and (Chinese leader) Deng Xiaoping is in poor health," Yang said. "Party conservatives want to show that they have the situation under control." Several dissidents have been told to quit Shanghai by the end of May, diplomats there added.

In another development, Yan Huili, the wife of the well-known Shanghai dissident Zhang Xianliang, who was sentenced last August to three years' labour in a re-education camp, said she had been unable to visit her husband for three months.

KYODO Reports Arrests

OW0705082394 Tokyo KYODO in English 0748
GMT 7 May 94

[Text] Shanghai, May 7 KYODO—Four leading members of the Shanghai Association for Human Rights have apparently been arrested this week and their whereabouts remain unknown, pro-democracy activists said here Saturday [7 May].

Detained are Association President Li Guotao, 40, Secretary General Wang Fuchen, 38, painter Lin Muchen,

46, a member of the board of directors, and another board member who was not identified.

The activists said the clampdown on the association may aim at curbing dissident activities ahead of the fifth anniversary of the suppression of pro-democracy demonstration at Tiananmen Square in Beijing on June 4, 1989.

Wang left for the southern island of Hainan on Wednesday and nothing was heard of him since. Li disappeared Monday, while the unnamed board member was arrested Tuesday, the activists said.

Painter Lin was arrested at Shanghai Airport Tuesday before leaving for the United States, where the artist planned to study.

Only a month ago, police in Shanghai temporarily detained a number of activists including Wang in advance of the arrival of French Prime Minister Edouard Balladur to the city.

Wang was also detained during the visit to China by U.S. Secretary of State Warren Christopher in March.

U.S. President Bill Clinton has said unless China makes substantial progress in human rights records, he will not extend China's most-favored-nation trade status in the U.S., which guarantees Chinese goods access to U.S. markets at lowest tariffs, when it comes up for renewal in June.

Surveillance of Dissidents 'Stepped Up'

HK0705070294 Hong Kong HONGKONG
STANDARD in English 7 May 94 p 8

[By Amy Liu]

[Excerpt] A wedding banquet for a dissident couple in Beijing earlier this week was cancelled due to the escalating security surveillance in the capital city.

Meanwhile, authorities announced yesterday a set of regulations designed to silence the vocal dissident community. In the runup to the fifth anniversary of the 4 June military crackdown on the pro-democracy movement police have stepped up close surveillance on dissidents.

The ninth student leader on the wanted list for the 1989 protests, Zheng Xuguang, married recently in Xian and the couple had their honeymoon in Beijing earlier this week.

Mr. Zheng had planned to hold a wedding banquet on Thursday night in the capital, however he and his wife were ordered to return to Xian on Thursday by his parents-in-law, who were believed to be under pressure by police authorities, sources said. At least 10 guests invited to the banquet were from the dissident community.

Mr. Zheng was arrested in Beijing in January following his meeting with the pro-democracy Peace Charter campaigners. Due to close surveillance dissidents in Beijing said they found it difficult to move within the city.

Apart from the 4 June anniversary, the tightened security is also meant to keep dissidents quiet and avoid detention which may cause complications to the Sino-United States row over human rights. [passage omitted]

Media Correspondents Namelist Published

OW0605184494 Beijing XINHUA in English
1449 GMT 6 May 94

[Text] Beijing, May 6 (XINHUA)—China today published a namelist of more than 60,000 correspondents from about 1,300 media organizations.

This is the first time for the country to provide reporters' names to the public en masse.

The namelist was carried in a handbook entitled "Namelist of China's News Organizations and Reporters", edited by the PEOPLE'S DAILY, the Communist Party's official newspaper.

Editors said that the publication benefits "the reinforcement of the relationship between media and the people, the improvement of social supervision on the news circle," and is "an action that holds responsibility to readers."

An intensified information flow is pushing different walks of life to make frequent use of the media.

The selected media include the most authoritative and influential newspapers, radio and television stations, and news agencies in modern China.

China now has more than 2,000 newspapers and about 1,600 radio and television stations. "The publication helps us to know the basic situation of the media and improve management and morality in the media circle," said Liang Heng, vice-director of the Press and Publication Administration.

The handbook lists the reporter's name, professional title, working department and reporting field. Photos were added for the leaders of certain news organizations.

These names were provided to the editors by the personnel departments of news entities without informing the concerned correspondents beforehand.

Law Committee Briefs NPC on Draft Bills

OW0905031494 Beijing XINHUA Domestic
Service in Chinese 1113 GMT 5 May 94

[Text] Beijing, 5 May (XINHUA)—The National People's Congress [NPC] Law Committee submitted three reports to the seventh meeting of the Eighth NPC Standing Committee that opened today. The reports disclosed the results of the committee's deliberations of

the draft Foreign Trade Law, the draft State Compensation Law, and a draft decision on meting out punishment for offenses in connection with company and enterprise management.

The Law Committee states: Following the preliminary deliberations of these three draft bills by the fourth and fifth meetings of the Eighth NPC Standing Committee, the Law Committee distributed copies of the drafts to all provinces, autonomous regions, and municipalities directly under the central government, as well as to relevant central departments. It also held informal discussions with relevant central departments, specialists, and foreign trade enterprises to canvass their opinions. The committee amended the drafts in accordance with the views of NPC Standing Committee members as a result of deliberations, as well as the views of people in other sectors. Believing that formulation of the three statutes was necessary and the drafts were basically feasible, the Law Committee would like to propose the NPC Standing Committee examine and approve them.

Xiang Chunyi, Cai Cheng, and Wang Shuwen, vice chairmen of the NPC Law Committee, today submitted three separate reports to the Standing Committee on the results of their deliberations. The reports contained the Law Committee's suggestions for amendments.

On the draft Foreign Trade Law, Xiang Chunyi said: The NPC Financial and Economic Committee and some localities have called for encouraging localities to engage in foreign trade, saying the law may not provide for such issues as not exercising management through mandatory planning, integrating industry with trade, and implementing the agency system. To this end, we would like to propose the draft be amended to read: "The state shall implement a unified foreign trade system, safeguard the order of free and fair foreign trade in accordance with the law, inspire local governments' enthusiasm, protect the operational autonomy of foreign trade operators, and promote the development of foreign trade." Some departments have expressed the hope the draft will be amended to reflect the fact that economic organizations are not the only units engaged in foreign trading activities in our country but quite a few scientific research institutes have been granted the right to engage in foreign trade pursuant to relevant state provisions. To this end, we would like to propose the draft be amended to read: "The foreign trade operators referred to in this law are legal entities and other organizations engaged in foreign trading activities in accordance with the provisions of this law."

Xiang Chunyi said: The NPC Financial and Economic Committee and some localities have noted that although the requirement for obtaining the permission of competent departments before securing the right to engage in foreign trade confirms the practice currently in effect, a registration system should be established in light of the long-term demand for reforming the foreign trade system. Also, we would like to propose the law specify the qualifications of foreign trade operators in order to

increase its own transparency. Some members and localities prefer the draft's provisions on obtaining the permission of competent departments before securing the right to engage in foreign trade. After canvassing the views of relevant departments, the Law Committee concluded that more provisions should be introduced regarding the qualifications of foreign trade operators. However, considering our country's reality, we would like to propose retaining the provisions in the State Council's draft regarding the licensing system, and amending the draft to read: "A foreign trade operator engaged in the export and import of goods and technologies must possess the following qualifications, and may only engage in foreign trading activities with the permission of the authorities under the State Council in charge of foreign economics and trade: 1) having its own name and organizational setup; 2) having a clearly defined operational scope within which to conduct foreign trade; 3) having the premises and funds for carrying out its foreign trading business; 4) having professional personnel needed for its foreign trading business; 5) possessing actual export and import credentials or sources of export and import goods; and 6) other qualifications as specified by law and administrative rule." "The State Council shall enact implementation measures provided for in the preceding paragraph."

Speaking on the views about amending the draft State Compensation Law, Cai Cheng said: Certain departments pointed out that, for administrative compensation, there should be a specific clause noting that the state shall bear the responsibility of compensating for the damage caused by unlawful compulsory measures taken on property. We propose this clause be added: "When compulsory administrative measures were taken to seal, withhold, or freeze property and damage has been made," the victim is entitled to compensation. Some Standing Committee members noted the draft should have the specific clause that authorities obligated to make the compensation should take the initiative to pay the victim according to this law. Thus we propose a clause should be added to each of the relevant articles. Cai Cheng said: Some Standing Committee members pointed out that it is not enough simply to make state organs personnel—whose wrongdoings were intentional and serious—bear economic liabilities, but that they must also have their administrative and criminal responsibilities investigated. We propose, therefore, that this clause be added to the draft law: "Relevant authorities shall discipline these personnel according to law; and if their wrongdoings constitute a crime, their criminal responsibilities shall be investigated according to law."

Cai Cheng said: Some departments pointed out that compensation for detainees, whose legitimate rights and interests have been violated as result of the lawless exercise of power by authorities in charge of prisons, should also be specified in the part about criminal compensation. Some departments pointed out that the part about criminal compensation should have provisions governing the power of the People's Liberation

Army's security departments to investigate criminal cases in the military. We propose these words in the draft law—"public security organs, security organs, and procuratorial organs as well as their personnel"—be amended to read: "Organs exercising investigating, prosecuting, trying powers as well as their personnel."

Cai Cheng said: Some Standing Committee members and some departments pointed out that more flexible rates should be set so that they can adapt to wage and price changes in the future. We propose the draft version be amended to read: "When a citizen's personal freedom has been violated, the daily compensation shall be calculated according to the average daily wage the state paid him in the preceding year." Many experts and local people's congresses and departments pointed out that, to facilitate operations, a ceiling should be set for state compensation. Some comrades pointed out that the ceiling should be set in such a way that it can adapt to future changes. On the basis of these views, we propose that a ceiling of compensation should be set. The ceiling should be assessed according to the state's average wage for workers during the preceding year as announced by the State Statistics Bureau. Specific rates can be set according to three kinds of situations: The reduced amount of income as result of physical injury "shall be calculated according to the average annual wage which the state paid the worker in the preceding year, and the ceiling should be five times the worker's average annual wage in the preceding year"; compensation for physical disability "should be set according to how much the working capability is lost, and the ceiling should be 10 times the worker's average annual wage in the preceding year; and in the case of death, the total compensation, including funeral expenses, should be 20 times the average annual wage of the worker in the preceding year." Some Standing Committee members, legal experts, and departments proposed that the reputation of those whose reputation and honor have been infringed upon should be reinstated. We propose this clause be added: "When a person's reputation and honor has been infringed upon, the organ liable for compensation shall, within the area in which the conduct of infringement has produced influence, remove the influence on the victim, reinstate his honor, and apologize to him."

Wang Shuwen reported on the NPC Law Committee's views about amending the draft decision on punishing offenses in connection with company and enterprise management. He said: In addition to prescribing punishments for the offenders—such as fixed prison terms, criminal detention, and deprivation of personal freedom—the draft also provides that "fines may also be imposed." Some departments and local authorities pointed out that punishments should be based on the offenses' characteristics, and the offenders should be deprived of their personal freedom and penalized economically. Certain offenders may only be fined. Thus, we propose the phrase be amended to read: "Fines may be imposed together or separately."

Wang Shuwen said: Some members, local authorities, and units pointed out that the Company Law's Article 214 provides that when a company's directors, supervisors, or managers accept bribes, or seize or misappropriate the company's assets, and that their acts have constituted a crime, their criminal responsibilities shall be investigated according to the law. Since the draft decision has no provisions governing bribery, it should be supplemented. Thus, we propose this provision be added: "When a board director, supervisor, or worker of a company uses the convenience of his office to solicit or accept bribes, and the amount is quite substantial, he shall be sentenced to prison, or criminal detention, of up to five years; and if the amount is enormous, he shall be sentenced to prison for longer than five years and also have his property confiscated. If state functionaries, workers of collective economic organizations, or other personnel performing public duties commit the aforementioned crime, they shall be punished according to the Supplementary Regulations For Punishing Corruption and Bribery."

He said: Some local authorities and units pointed out that the criminal elements stated in this law should not only be punished in terms of their personal freedom and economic interests, but their credentials for continuing to assume the company's leading offices should be restricted. Thus we propose this clause be added: "For those who have committed the crimes stated in this decision, the people's court may also impose on them the additional sentence that they may not assume offices as the company's directors, supervisors, or managers, as well as other senior supervisory offices for a period from three to five years."

NPC Considers Draft Laws on Judges, Prosecutors

OW0705003694 Beijing XINHUA Domestic Service in Chinese 1121 GMT 5 May 94

[Text] Beijing, 5 May (XINHUA)—The Supreme People's Court and the Supreme People's Procuratorate separately submitted two bills to the seventh meeting of the Standing Committee of the National People's Congress [NPC], which opened here today, asking it to examine the Draft Law of the People's Republic of China on Judges and the Draft Law of the People's Republic of China on Prosecutors.

In the bill he submitted and in the explanation he made to the NPC Standing Committee today, Ren Jianxin, president of the Supreme People's Court, said: The purpose of enacting a law on judges is to meet the requirements for improving the socialist legal system and accelerating the building of a socialist market economic structure, to establish a socialist judicial system with Chinese characteristics, and to administer judges on a scientific and legal basis so as to ensure and upgrade the quality of judges and to guarantee that judges exercise their trial functions according to law.

On the drafting of the law on judges, Ren Jianxin said: The Supreme People's Court began drafting the law in 1986, and at the end of 1988 the NPC Standing Committee listed the law in its legislative plan. In the past few years, the Supreme People's Court has conducted extensive investigations and studies, summed up experiences in administering judges since the founding of New China, collected data on the relevant judicial systems of foreign countries and of Taiwan and the Hong Kong and Macao regions, and has sent delegations to study the judicial systems in a number of countries. In drafting the law, the Supreme People's Court took the Constitution as the foundation, carried out the guidelines of the CPC Central Committee on building a scientific administrative system that suits the characteristics of various units and an effective and encouraging mechanism, proceeded from the actual condition in China, took into account the future and the current situation, and also studied the useful experiences of other countries, in a bid to draw up a socialist law on judges with Chinese characteristics.

Ren Jianxin said: In China judges are judicial personnel who specifically exercise the trial function of the state. They are state functionaries as well as professional people. However, over the past 40 years, no law has been enacted that reflects the dual characteristics of judges, and they have always been administered as administrative personnel. Therefore, it is very important to enact a law that clearly defines the qualifications, responsibilities, rights and obligations, selection and appointment, training, evaluation, and administration of judges, and rewards and punishment for judges, so as to create a system by which judges will be administered on a scientific and legal basis.

Ren Jianxin also made explanations on establishing a system on qualifications of judges, a system on ranks of judges, on establishing a judges committee, and establishing a system of insurance for judges.

In the bill he submitted, and in his explanations to the NPC Standing Committee regarding the draft law on prosecutors, Zhang Siqing, chief procurator of the Supreme People's Procuratorate, said: The purpose of enacting a law on prosecutors is to administer prosecutors on a scientific and legal basis, improve the quality of prosecutors, and ensure that people's procuratorates independently exercise their functions according to law. Zhang Siqing said: For a long time people's procuratorates' law-supervising function has been affected to a certain degree because of the lack of a complete law for administering prosecutors. Also, there has been a lack of necessary legal guarantees for prosecutors to exercise their powers and functions. Therefore, it is necessary to establish, through legislation, an administrative system compatible with the nature of procuratorial organs and the characteristics of their work, such as a system governing the qualifications of prosecutors, a system for evaluating prosecutors, and a system governing their ranks, wages, insurance, and benefits, so as to improve administration of prosecutors on a scientific basis.

He said: Enacting a law on prosecutors is necessary for ensuring and improving the quality of prosecutors. As prosecutors are state judicial personnel exercising the function of supervising the law of the country, they must be proficient politically and professionally. Therefore, it is necessary, through legislation, to make strict stipulations governing the qualifications, selection, evaluation, and training of prosecutors, so as to facilitate the building of a contingent of prosecutors who are fair and honest, and who carry out their legal duties according to law. At the same time, the enactment of a law on prosecutors is necessary to ensure that prosecutors exercise their functions according to law; it is also needed to standardize and restrict prosecutors' act of exercising their duties.

Zhang Siqing also explained the duties of prosecutors, the system on qualifications of prosecutors, and the system governing the ranks of prosecutors.

NPC Standing Committee Session Discusses 6 Draft Laws

OW0805082894 Beijing XINHUA Domestic Service in Chinese 1213 GMT 7 May 94

[Text] Beijing, 7 May (XINHUA)—The Seventh Session of the Eighth National People's Congress [NPC] Standing Committee held successive group discussions over the past few days. Standing Committee members present at the meetings examined and discussed six draft laws submitted to the current session for its consideration.

While examining and discussing a draft law on foreign trade, most members expressed their opinion that the current draft law is relatively complete because it has gone through revisions. They expressed their belief that it has the characteristic of internationalization; focuses on the implementation of a system for unified foreign trade as well as arousing the enthusiasm of localities; pays attention to encouraging developed areas' foreign trade while stressing the need to support areas inhabited by minority nationalities to develop foreign trade; and embodies the characteristic of looking after the interests of other countries. Therefore, it is conducive to establishing China's international prestige and has very important significance for the reinstatement of China as a signatory to GATT.

Members also put forward some opinions concerning revisions during their deliberations. Some members expressed their belief that the current draft law does not adequately reflect the need for deepening the reform of the foreign trade system. Some members said that the centralized management of foreign trade by the central government is not conducive to bringing into play the initiative of localities and enterprises, and that it is necessary to appropriately delegate some powers to them. Some members expressed the hope that a transition from the permit system now in force to a registration system will be completed as quickly as possible.

Some members stressed: The law contains more restrictive and prohibitive provisions; it lacks provisions on the development of and a strategy for foreign trade. The law should contain specific provisions on encouragement and development.

As for the draft law on compensation by the state, members expressed their belief that the formulation of the law has important significance for China to build its socialist democracy and legal system; to further protect the legitimate rights and interests of its citizens, legal persons, and other organizations; to facilitate the performance of duties by state organs and their working personnel in accordance with the laws; to promote the drive to build a clean and honest government; and to develop a socialist market economy.

During deliberations, members also put forward their opinions on revisions of the draft law. Some members pointed out: In the realities of life, some victims claimed there were mistakes in the handling of their cases and demanded compensation, whereas there were many occurrences of organs entrusted with the compensation obligation which claimed that no mistake was made in the handling of such cases; some cases have dragged on for years without a settlement. Therefore, to settle the issue of compensation, we need a just and authoritative arbitration organ to judge the rights and wrongs of a case. Many members expressed different views on the standards of compensation set by the current draft law. They expressed their belief that the standards of compensation are too low and that the standards of computation are unreasonable. Meanwhile, some members maintained that economic compensation should be provided for damage to one's reputation. There were also some members who stressed: The formulation of the law constitutes only one aspect of the work. What is more important is that there must be a practical guarantee for the enforcement of the law after it goes into effect and for the supervision of its enforcement.

While examining and discussing a draft resolution on punishing criminal activities that violate the management of companies and enterprises, draft supplemental provisions to the regulations governing penalties for offenses against public security, draft revisions of the regulations on military service by officers on the active list of the People's Liberation Army [PLA] of China, and draft revisions of the regulations on military ranks of PLA officers, most members adopted a positive attitude toward the need to formulate or revise these laws. Meanwhile, they expressed their views and made suggestions on some specific provisions contained in these draft laws.

Two Judges Associations Formed 7 May

*OW0705095194 Beijing XINHUA in English
0908 GMT 7 May 94*

[Text] Beijing, May 7 (XINHUA)—China's judges launched their own forums here today with the establishment of the China Association of Judges (CAJ) and the China Association of Women Judges (CAWJ).

President of the Supreme People's Court Ren Jianxin was elected the CAJ chairman and the court's Vice-President Ma Yuan heads the CAWJ.

China now has over 156,000 judges, including 23,000 women judges.

The two associations will carry out theoretical research, and facilitate exchanges and co-operation among judges from all parts of the country and at various levels.

They will also act as a bridge between judges on the Chinese mainland and their counterparts in foreign countries as well as in Taiwan, Hong Kong and Macao.

Social Security, Grass-Roots Power Program Planned

*OW0605192694 Beijing XINHUA in English
1533 GMT 6 May 94*

[Text] Beijing, May 6 (XINHUA)—China will map out a package of social security system and grassroots political power construction strategy at next week's national conference on civil affairs.

Yang Jianchang, spokesman of the Ministry of Civil Affairs, said here today that the government has decided to hold a national conference next week to work out a social security system development program, and improve grassroots political power construction for the next five years.

The meeting, which is scheduled for May 12-16, will also try to find solutions for outstanding problems on civil affairs, cropping out as China is moving toward a market economy.

One of the problems is a lack of relief fund to help the victims of natural calamities, the poor, and childless old people who cannot support themselves.

Minister of Civil Affairs Doje Cering said that normally the victims of natural calamities number 200 million in China a year.

During the past five years, China has for the first time since 1949 encouraged individuals and institutions at home and abroad to provide donations or aid for the victims, the poor and other people that need help.

Meanwhile, in addition to local governments' aid, the central government has allocated a total amount of 6.4 billion yuan and 8.7 billion kg of grain for victims of serious natural disasters.

Together with 2.35 billion yuan donated by people at home and overseas, about 200 million victims received disaster relief, the spokesman said.

The ministry also has "villagers' autonomy" started in 58 demonstration counties, which was designed to enable the villagers to enjoy more freedom, such as the

right to select heads of their villages through election, to supervise the villages' heads and have more say in the villages' affairs.

The minister described the grass-root democracy as important to the stability of the rural areas, home to about 900 million farmers, and social development.

Commenting on the reports that China is planning to introduce "villagers' autonomy" to all the other villages by the year 2000, the spokesman said it is only a matter under consideration.

Internal Opinion Poll 'Made Public'

HK0805062994 Hong Kong MING PAO in
Chinese 8 May 94 p B1

[By special reporter Ting Yu (3060 7183)]

[Text] A recent sample survey in Qingdao showed that although 86 percent of the respondents were full of confidence in the prospects of China's reform and opening up, the support of the general public for some policies which are in force or will be adopted declined. In the survey items reflecting the current conditions of social life, the decline in people's satisfaction mainly concentrated in the fields representing the costs of economic development and in the fields covered by the reform measures to be adopted. This was regarded as a warning about rising discontent in society. Over 70 percent of the respondents supported greater the political structural reform.

The results of the survey, which was conducted by the public opinion research institute of the Chinese People's University, were made public yesterday. The opinion survey was mainly carried out among 1,200 residents of Qingdao at and above 14 years of age. It was said that the degree of accuracy for the survey was 95 percent, and the margin of error was under 3 percent.

The survey showed that as reforms were more intensively carried out and the inflation pressure remained high, the living conditions of the general public continued to improve in 1993. Of all respondents, 71.9 percent expressed satisfaction at the current social and political situation; 70.9 percent and 67.8 percent expressed satisfaction at the economic situation and the conditions of cultural life. However, people were deeply dissatisfied with public conduct, interpersonal relationships, and the relationship between cadres and ordinary people. Respondents showing discontent in these areas accounted for 44 percent, 45.1 percent, and 45.8 percent respectively. The rates marked a new high in the relevant opinion polls in recent years. Many people were also discontented with price levels and product quality.

The survey showed that, because some policies being adopted recently were not well-coordinated, people's concern became deeper and people showed stronger reliance on the state and their work units. People generally hoped that they would get help in the aspects of

retirement insurance, medical insurance, and housing. Although people still generally agreed that the policies that had been adopted and would soon be adopted were "basically feasible" as a whole, the degree of support obviously declined. In particular, the degree of support for the price policy declined by the biggest margin: People regarding it as feasible accounted for only 13.8 percent; those regarding it as basically feasible accounted for 43 percent; those regarding it as not quite feasible accounted for 16.9 percent; those regarding it as infeasible accounted for 10.7 percent; and those saying unknown to this question accounted for 15.7 percent. The support index declined by 0.45. The support indices of the housing reform policy and the public-funded medical service policy decreased separately by 0.23 and 0.21. The labor and employment policy and the retirement welfare system that have not been reformed fully recorded the smallest margins of decline of the support indices.

Most people hoped that vulgar competition and corruption arising in the process of developing the market economy would be brought under control. Sixty-five percent of respondents said that they were not happy although their living standards were enhanced these years. Eighty percent of respondents expressed concern over the mainland society's future development. People expressing concern over continuing price hikes accounted for 78.6 percent; those expressing worry about an out-of-control economic situation accounted for 64.6 percent; people expressing worry about worsening corruption accounted for 63 percent; and people expressing certain concern and deep concern over aggravated polarization between the rich and the poor accounted for 62.5 percent. On the other hand, 73.5 percent of the respondents expressed support for pushing the political structural reform forward at an opportune moment.

Among the indices of people's satisfaction in various aspects of social life, those related to entertainment and market supply slightly increased as compared with the same period of last year, but those related to local transportation, environmental protection, working conditions, public sanitation and health care, and housing conditions all declined somewhat. Statistics also showed that older people and poorly educated people were comparatively more satisfied with the current conditions. The index of satisfaction in the group of illiterate or semi-illiterate people was 0.49, but that in the group of people having received tertiary education was -0.3. The assessment made by soldiers, retired personnel, workers, and self-employed laborers was higher the overall assessment level, but that by college students, government functionaries, and professionals engaged in scientific research, education, and medical services was lower than the overall level.

Science & Technology

Minister Comments on Economic Information Network

HK0905071594 Beijing RENMIN RIBAO in Chinese 13 Apr 94 p 5

[Article by Wu Jichuan (0702 1015 0278), minister of posts and telecommunications: "Build Nationwide Economic Information Network, Improve Information Service for the National Economy"]

[Text] 1. **Building a nationwide economic information network is an objective requirement that must be fulfilled as China is establishing its socialist market economy, and it is also a natural outcome of the development of modern telecommunication and computer technology.**

The gradual establishment of the socialist market economic structure has generated an increasingly urgent demand for the processing, handling, transmission, and exchange of economic information. On the one hand, the socialist market economic structure demands that all kinds of commodity markets and production element markets be vigorously developed and that enterprises plunge into the market. While the market needs to operate in light of updated and reliable information, enterprises also count on quick and accurate information sources for survival and development amid market competition. The so-called invigoration of markets means invigorating the circulation of material, financial, and human resources and achieving a rational combination of production elements. And to invigorate the circulation of material, financial, and human resources, one depends on rapid and highly efficient circulation of information. Smooth transmission of information can substantially increase the rationality and effectiveness of circulation of human, financial, and material resources, which is of great significance to increasing the efficiency of economic operation and the labor productivity of the whole community. On the other hand, to establish a socialist market economic structure, the state must exercise strong macroeconomic regulation and control. In this connection, the state organ in charge of economic management must have timely and accurate information about conditions of economic operation across the country. If it is poorly informed of market operation condition, and if it exercises macroeconomic regulation and control in light of lopsided, outdated, or even wrong information, trouble will arise. Thus it can be seen that to run a socialist market economy one must depend first on a sound legal system and second on a quick and efficient economic information network.

The progress of modern electronics and telecommunications technology serves as a powerful technological impetus to establishing an economic information network and speeding up the process of economic information transmission. The integration of telecommunications and computers has greatly increased the practical value of information, expanded the range of applications

of information processing, and given rise to a series of modern telecommunications and information services modes, such as long-range data processing, on-line data base indexing, electronic data exchanges, electronic mailbox, and video imaging. This technological progress has offered all fields, especially industrial and commercial enterprises, an opportunity to reform their production management mode and increase their labor productivity and competitive power by applying modern telecommunications means. At the same time, it has also opened up a market full of vitality. The business of telecommunications as a trade is no longer confined to basic telecommunication services alone, such as telephones and the telegraph, with interpersonal telecommunications as their principal feature, but has been extended to high-level telecommunication services which include man-machine and computer telecommunications.

To cope with specific circumstances in China, the Chinese Government has established the task of creating a nationwide economic information network. This is an important policy decision to speed up establishment of a socialist market economic structure, expedite the process of economic information transmission, and narrow the gap between our country and developed countries. Our country's economic information network is composed of information resource and communication networks. The information resource network denotes all the information banks and information application systems established by all the related economic information suppliers and users, while the information communication network links together all information resources and application systems through the development of network communication platforms [wang lu tong xin ping tai 4986 6424 6639 0207 1627 0669] on the basis of public telecommunication networks of the state. Different types of information application systems will also be developed in the future to suit the needs of various economic sectors. The presentation and implementation of the task of building a nationwide economic information network will remarkably advance the process of economic information transmission in our country, therefore it is of far-reaching historical significance to economic development and social progress in our country.

2. China's state-run public telecommunication network, growing at a high speed over the past 10 years or more, has prepared a basic network for the establishment of economic information communication network.

After the Third Plenary Session of the 11th CPC Central Committee, especially over the past 10 years, China has speeded up the pace of development of telecommunication services. The growth rate of the country's telecommunication service capacity outdid the economic growth rate for the first time in 1985, and the telecommunications sector has kept on growing faster and faster since then. Now in the Eighth Five-Year Plan, the growth of telecommunication services further accelerates. In 1992 and 1993 alone, the net increase in telephone exchanges was 6.83 million lines, the net increase in long-distance

call circuits was 121,000, and the operation capacity increased by 40.4 and 49.5 percent in these two sectors respectively.

As 22 optical fiber trunk lines, 20 digital microwave trunk lines, and 20 large- and medium-sized satellite telecommunication ground stations are scheduled to be put into operation during the eight five-year plan, a large-capacity digital transmission trunk line network linking all the cities at and above provincial capital level in this country will initially take shape in the next two years. During the ninth five-year plan, the system capacity and coverage area will continue to expand, and a nationwide large-capacity digital transmission trunk line network mainly consisting of optical fibers will basically be built.

While the optical fiber digital network was developing rapidly, phase one of the nationwide bundled [fan zu 0433 4809] public exchange data network (CHINAPAC) extension project was completed in September 1993. Now the network covers 267 cities, including all the cities at and above the provincial capital level, linked with 20,000 terminals each operating at a transmission speed of 65 kilobits per second. Inter-transmitter repeat circuits [jie dian ji jian de zhong ji dian lu 4634 7820 2623 7035 4104 0022 4949 7193 6424] are deployed according to operational capacity, and so far more than 100 circuits have been installed. Now 18 domestic information system group subscribers have signed contracts, thus being linked up with this network, and starting rendering data telecommunication services. And cross-network link has also been established between this network and 37 bundled exchange networks of 20 foreign countries.

Phase one of the nationwide high-speed digital data trunk network (DDN) [quan guo gao su shu zi shu ju gu gan wang 0356 0948 7559 6643 2422 1316 2422 2207 7539 1626 4986], which is to link up 21 provinces and municipalities, will be put into operation by July this year. The main use of this network is to provide all information systems with permanent or semi-permanent special digital circuits operating at different speeds. Phase one of this project consists of 776 circuits operating at the high speed of 2 megabits per second and 2,600 circuits operating at a lower speed. Meanwhile, mobile telecommunication services have also been developing very quickly in our country. On the eastern and southern coast and in some central provinces, cellular mobile phone networks have covered all cities and counties. Now there are 700,000 mobile phone subscribers, and a nationwide cross-network link is being established. With some 7 million radio telephone paging subscribers, China has now become one of the countries with the most telephone pagers. After more than 10 years' investment, the country's public telecommunication networks have developed substantially either in scale and capacity or in terms of technical standards. This is an important achievement as a result of the state's industrial policy adjustment, which has not only

eased the shortage of such basic information transmission facilities as telephone, telegraph, and facsimile, but also laid down a foundation for the development of a nationwide economic information network.

3. The building of the nationwide economic information network requires close cooperation by all sectors concerned, and the integration of telecommunications, electronic computer technology, and information applications.

The building of a nationwide economic information network is a social system engineering project which involves different sectors. This network is built on the basis of the existing national telecommunication network and will capitalize on almost all modern telecommunications technology, including high-speed transmission, wide-band exchanges, network management, and transmission monitoring and control. It will use a large quantity of products of the modern electronics industry, as well as computers and related software technology. It demands a thorough understanding of the application environment and of operational requirements on the information system. And it also requires highly standardized telecommunication procedures, technical standards, and information formats. All these can only be achieved through close cooperation among the telecommunication sector, electronics industry, and information system applications sector. On the one hand, we must arrange for an appropriate division of labor, make the best use of existing technical conditions and material resources, and avoid duplicate efforts. On the other hand, we must arrange for different sectors to complement each other, make up each other's deficiencies, work together to solve key problems, and strive to build up a nationwide economic information network as soon as possible.

The postal and telecommunication service sector is responsible for building the infrastructure of the country's telecommunication networks and providing telecommunication services to all economic sectors. It must be eager to meet the country's urgent needs, and closely cooperate with all departments concerned to speed up the building of the nationwide economic information network. We are now still far from fulfilling the target of supplying basic telephone services across the country, yet we are facing an increasingly urgent demand for economic information telecommunication services in the wake of the establishment of a market economic structure. Such a circumstance has posed a severe challenge and an opportunity for development as well. Therefore, we must proceed from market demand and vigorously intensify data telecommunications as well as information system telecommunications that are geared to the needs of major subscribers, while making further efforts to extensively provide general telephone services. We must give comprehensive consideration to the need for a nationwide economic information telecommunication network and different economic sectors' demands for information telecommunication services, properly map out a telecommunication service development plan, further step up the construction of high-capacity digital

trunk line transmission networks mainly built with optical fiber cables, speed up the building of public telephone networks, bundled public exchange networks, digital data networks, and mobile telecommunication networks, to provide a highly efficient high-capacity information transmission channel and a reliable telecommunication platform in support of the "Gold Bridge" [jin qiao 6855 2890], "Golden Gate" [jin guan 6855 0595], "Golden Card" [jin ka 6855 0595], and various other information processing systems.

Second Nuclear Power Generator Goes Into Operation

*OW0605193194 Beijing XINHUA in English
1505 GMT 6 May 94*

[Text] Shenzhen, May 6 (XINHUA)—The No. 2 generating unit, with a capacity of 900,000 kilowatts, at the Daya Bay Nuclear Power Station in south China's Guangdong Province, officially went into commercial operation today.

The generating unit had been in trial operation for 700 hours and had passed various functional tests before it was officially put into operation.

This indicates that the Daya Bay Nuclear Power Station has entered the stage of production from the stage of construction, according to the leading official of the power station.

The first generating unit of the nuclear power station officially went into commercial operation on February 1 this year.

China To Build Information Superhighway

*OW0505161294 Beijing XINHUA in English
1446 GMT 5 May 94*

[Text] Beijing, May 5 (XINHUA)—China has mapped out an ambitious plan to build its own information superhighway with a focus on an information application system, a nationwide public data service network and an advanced telecommunications network.

In a recent symposium on the wide use of information in the national economy and China's information superhighway, Wu Jichuan, minister of posts and telecommunications, said China will watch closely the world's latest development of the information superhighway construction and carry out its own in a planned and step-by-step manner.

He said China will expand the application of computers in digital exchanges and accelerate the construction of optical fibers and build an internet by developing a network telecommunications platform based on the country's public telecommunications network.

The symposium, attended by China's senior officials and information experts, exchanged information on the

world's current trend of information superhighway construction, its definition and its social economic significance. China's demands for such a highway and its potentials were widely discussed in the symposium, the first of its kind in China.

As part of the effort to cope with the world's new information revolution, China is busy building 22 national-level optical fiber trunk lines to connect all the provincial capitals, 20 digital microwave trunk lines, and large and medium-sized satellite telecommunications ground stations.

According to government sources, the large capacity digital transmission network connecting the country's major provincial capital cities will be completed early next year. First phase construction of a nationwide digital exchange network was completed last September.

At present, the network extends to 267 of China's major cities and has started to exchange information with 37 centers in 20 countries and regions.

Meanwhile, the first phase project of the high speed digital trunk line connecting 21 provinces and municipalities will be put into operation this July. A cellular phone network has covered the coastal provinces in the southeast and some central provinces.

Viewing the current level of information modernization, experts said that the 700,000 mobile telephones will be linked by a nationwide network soon. China's seven million radio pagers have made the country one of the world's largest paging markets. Computers have been widely used in banking, customs clearance, railway transportation and civil aviation and weather forecasting. These, in all, will contribute to China's information modernization, experts commented.

As another major step in the construction of the information superhighway, China plans to accelerate hi-tech research concerned with information modernization, especially advanced remote sensing, surveying, computers, automation facilities and modern telecommunications technologies.

The construction of the information superhighway is a systematic project which will involve different fields of work, said Wu Jichuan, minister of posts and telecommunications. He called on the joint efforts of participating departments to work toward erecting the modern information network.

Environmental Protection Fair, Market Open in Jiangsu

*OW0505075494 Beijing XINHUA in English
0729 GMT 5 May 94*

[Text] Nanjing, May 5 (XINHUA)—China's first environmental protection technology fair opened in Yixing, Jiangsu Province, today.

The National Environmental Protection Technology Market, located in the city's environmental protection science and technology park, also opened today.

On display during the five-day fair are 500 new materials and new products from manufacturers across the country. The fair is being sponsored jointly by the State Science and Technology Commission, the China Environmental Protection Industry Association and the Yixing City Government.

Included are equipment for treating waste water, purifying waste gas and controlling noise, meters and instruments, and both Chinese and foreign environmental protection techniques and information.

Yixing furnishes 15 percent of the annual output value of China's environmental protection industry. In 1992 it set up a national high- and new-technology industrial development zone—the Yixing Environmental Protection Industrial Park.

The National Environmental Protection Technology Market in the park serves as a bridge between research institutes, manufacturers and dealers.

Economic & Agricultural

Paper Publishes Resumes of New MOFTEC Leaders

HK0905073294 Beijing GUOJI SHANGBAO in Chinese 9 Apr 94 p 2

[Report: "State Council Reinforces Leadership Groups of the Ministry of Foreign Trade and Economic Cooperation, State Administration for the Inspection of Import and Export Commodities"]

[Text] Recently, the State Council appointed Li Guohua [2621 0948 5478] and Liu Shanzai [0491 1472 0961] as vice ministers of the Ministry of Foreign Trade and Economic Cooperation [MOFTEC]; Tian Runzhi [3944 3387 0037] as director of the State Administration for the Inspection of Import and Export Commodities [AIIEC]; Sun Zhenyu [1327 2182 1342], Long Yongtu [7893 3057 0956], Chen Xinhua [7115 2450 5478], and Yang Wensheng [2799 2429 3932] as assistant ministers of MOFTEC. These appointments further reinforced the leadership groups of MOFTEC and the AIIEC.

Members of the reinforced leadership groups of the MOFTEC are:

Secretary of the ministry's leading party group and minister: Wu Yi

Deputy secretary of the ministry's leading party group and vice minister: Zheng Silin

Member of the ministry's leading party group and head of the Central Discipline Inspection Commission's MOFTEC discipline inspection group: Wang Wendong

Members of the ministry's leading party group and vice ministers: Gu Yongjiang Shi Guangsheng Li Guohua Liu Shanzai

Member of the ministry's leading party group and AIIEC director: Tian Runzhi

Members of the ministry's leading party group and assistant ministers:

Liu Xiangdong
Sun Zhenyu
Long Yongtu
Chen Xinhua
Yang Wensheng

Resumes of the New Members of the MOFTEC and AIIEC Leadership Groups

Li Guohua: Female; born August 1937; native of Zhenhai County, Zhejiang Province. Graduated from Beijing Foreign Trade Institute in August 1964, started work the same year. Worked as cadre of the Political Department of the Ministry of Foreign Economic Relations and Trade [MOFERT], deputy section chief of the Personnel Office, and section chief of the Personnel and Education Office of MOFERT; became deputy chief of the Personnel, Labor, and Wage Office in May 1987; became director of the Personnel, Education, and Labor Department in September 1990; became member of the leading CPC group of MOFERT and assistant minister in June 1991; became member of the leading CPC group of MOFTEC and vice minister in February 1994.

Liu Shanzai: Male; born March 1941; native of Chengdu City, Sichuan Province. Holding college-level qualifications. Started work in 1962. Worked as section member, section chief, and deputy manager of a branch of Beijing Municipal Textile Import and Import Company; became deputy general manager and concurrently chief accountant of Beijing Municipal Foreign Trade Corporation in April 1983; became deputy director of the Finance and Accounting Office of MOFERT in August 1985; became director of the Finance and Accounting Office and director of the Finance and Accounting Department in April 1986; became member of the leading CPC group of MOFERT and assistant minister in June 1991; and became member of the leading CPC group of MOFTEC and vice minister in February 1994.

Tian Ruizhi: Male; born December 1938; native of Gaotang County, Shandong Province. Graduated from the Beijing Foreign Languages Institute in May 1966 and started work the same year. Worked as translator with the Translation Office of the Ministry of International Economic Liaison and deputy section chief of the Second Office; worked in the economic counsellor's office of the Chinese Embassy in Sri Lanka between 1971 and 1976; became deputy section chief of the Foreign Aid Office of MOFERT in April 1982 and then, in 1985, deputy director of the office; became member of

the leading CPC group of MOFERT and assistant minister in June 1991; and became member of the leading CPC group of MOFTEC and director of the AIEC in March 1994.

Sun Zhenyu: Male; born March 1946; native of Fengnan County, Hebei Province. Graduated from the Beijing Foreign Languages Institute in 1969 and started work the same year. Worked as cadre of the Third Office of Regional Policy, deputy section chief, and section chief; became deputy general manager of China National Cereals, Oils, and Foodstuffs Import and Export Corporation in July 1985; became deputy director of the Third Department for Regional Policy of MOFERT in January 1990; became director of MOFERT's Department of Affairs of Oceania in August 1990; and became member of the leading CPC group of MOFTEC and assistant minister in April 1994.

Long Yongtu: Male; born May 1943; native of Youxian County, Hunan Province. Graduated from the Foreign Languages Department of Guizhou University in 1965 and started work the same year. Studied in the London School of Economics, Britain, from 1973 to 1974. Worked as translator with the Communication Section of the Ministry of International Economic Liaison, cadre of the Sixth Office, attache and then third secretary of the Chinese mission to the United Nations, official of the UN Development Programme, and deputy representative of the representative office in DPRK; became deputy director of the China International Center for Economic and Technical Exchanges in April 1986; became director of the International Liaison Department of MOFERT in January 1992 and then director of the International Economic Relations and Trade Department of MOFTEC; and became member of the leading CPC group of MOFTEC and assistant minister in April 1994.

Chen Xinhua: Male; born August 1944; native of Suxian County, Anhui Province. Admitted to the People's Liberation Army Art College in 1964 and joined the Army the same year. Graduated in 1968. Worked, starting from June 1972, as operations clerk and then deputy section chief of Beijing Municipal Foreign Trade Bureau, operations clerk and then deputy section chief of China National Arts and Crafts Import and Export Corporation, and general manager of Shanghai Drawn-work Import and Export Associated Company; became deputy general manager of China National Arts and Crafts Import and Export Corporation in March 1985; became general manager of China National Native Produce and Animal By-Products Import and Export Corporation in August 1990; and became member of the leading CPC group of MOFTEC and assistant minister in April 1994.

Yang Wensheng: Male; born September 1938; native of Boli County, Heilongjiang Province. Graduated from Central China Engineering College in 1963 and started work the same year. Worked as cadre of the Equipment and Materials Office of the Ministry of International

Economic Liaison, cadre of the Fourth Office, second economic secretary of the Chinese embassy in Mozambique, deputy chief and then chief of the spares and fittings department of the China National Plant Package Export Company; became deputy general manager of China National Plant Package Export Company in March 1985; became general manager of China International Building Materials and Equipment Company in August 1991; became vice chairman of the board and general manager of China National Plant Package Import and Export (Group) Corporation in February 1993; and became member of the leading CPC group of MOFTEC and assistant minister in April 1994.

State Organization Urges Control of Farm Product Prices

HK0805073094 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 8-14 May 94 p 8

[By Wu Yunhe: "Curtailing Farm Price Rises Urged"]

[Text] The State Administration for Commodities Prices is urging its provincial branches to slow the spiralling prices of farm products.

The administration has issued a circular asking its branches to consider various maximum price increases for major agricultural products.

Administration officials cautioned that retailers should not violate the administration's ceilings for price rises since the limits already take into account retailers' costs, such as taxes and transportation, and profit margins.

Domestic prices of edible oil, cotton and chemical fertilizer have been increasing by big margins, according to the Ministry of Internal Trade.

The ministry's figures show the average price of soybean oil, peanut oil and rapeseed oil jumped 43.2 per cent to 7,014 yuan (\$806.20) a ton from November to last month the off-season in the year-round agricultural production cycle.

Last month the administration's Harbin branch in Heilongjiang forged ahead of other provincial-level branches to hold down local prices of edible oil by setting the maximum increases at 7.40 yuan (\$0.85) per kilogram.

Cotton prices, too, are spiralling because of a severe shortage of supply. In mid-April, a ton of 21-count yarn fetched an average 24,000 yuan (\$2,758.60), up 2,000 yuan (\$230) from the beginning of 1993.

Because of the soaring costs, most of the country's cotton-spinning factories are on the verge of suspending production.

The situation is worst in Sichuan Province, where at least a third of all cotton-spinning factories have already stopped production because of the cotton shortage.

Prices are also on the rise for chemical fertilizer. Analysts blame the rocketing costs of production materials and imports for the 11.9 per cent jump since last year in the average price for imported and domestically made carbamide. The price now stands at 1,240 yuan (\$142) a ton.

Official Comments on GATT Head's Upcoming Visit

HK0805070594 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 8-14 May 94 p 1

[By Wang Yong: "Gatt Chief's Visit May Open Doors"]

[Text] Peter Sutherland, who deftly wound up the prolonged Uruguay Round of Gatt talks in Morocco last month, is taking on what might be another historic task as he undertakes his first trip to China this week.

As director general of the General Agreement on Tariffs and Trade (Gatt), Sutherland's impending visit could well be a stimulus to China's access to the World Trade Organization, said a senior Chinese official.

"Although he may not produce a breakthrough in the process (of China's re-entry into Gatt), his visit is important in itself," Long Yongtu, Assistant Minister of the Ministry of Foreign Trade and Economic Co-operation (Moftec), said in an interview with Business Weekly.

Sutherland was invited by Moftec Minister Wu Yi, and in Beijing will attend a high-profile international seminar on China's foreign trade development, which runs from Monday to Friday.

"We attach great importance to Sutherland's visit and regard him as a senior adviser to China in its earnest efforts to rejoin Gatt," Long said.

Although he did not venture to guess what advice Sutherland would provide to China, Long said it will be certainly "constructive and revealing ones" because Sutherland is a seasoned negotiator who has clear understanding of both the latest international trade rules and China's particular situation.

Sutherland's visit comes one and a half months before a new round of the Gatt Working Party on China is to be held in Geneva and meetings between China and the United States, as well as European Community on China's access to Gatt.

At the international seminar in Beijing, former U.S. Secretary of State Henry Kissinger will lecture on China's trade development and on Sino-American relations.

"As a mastermind of the establishment of Sino-U.S. diplomatic relations Kissinger will deliver important speeches which would be beneficial to both countries, which are endeavouring to come up with a proper pattern of bilateral relations," Long said.

Long will be visiting Washington early next month to negotiate the terms of China's re-entry into Gatt "We're ready to work very hard with our U.S. colleagues, but we do hope they will be as practical and realistic as the European Union.

"China's priority is to ensure social stability and economic development. It will never sacrifice this prerequisite for access to Gatt," Long said.

The European Union (EU) has recognized that China, with a population of 1.1 billion and more than 40 years of a planned economy, can not become a market economy overnight. So it has agreed to allow China a transitional period following its access to Gatt to gradually meet all Gatt rules.

He urged all Gatt members to support and facilitate this historical transition.

"If China undergoes a smooth transition from a planned economy to a market one, it will be a great contribution to the world in terms of both economic theory and practice," he said.

"China has been relentless in its pursuit of economic reforms, and has adopted an earnest and down-to-earth attitude in its Gatt negotiations," he added.

"The fact that China has signed the final act of the Uruguay Round of Gatt talks speaks volumes about China's commitment to the new multilateral trade rules."

Long said that signing the final act "created an important condition for China to become a founding member of the World Trade Organization." The WTO is to replace Gatt next year.

But Long pointed out that China is under no illusions that trade protectionism would fade with the new multilateral trade regime in place.

"We hope the major Gatt contracting parties will commit themselves to the new rules and honour fair play," Long said.

State Council Limits Returns on Power Plants

HK0705082994 Beijing ZHONGGUO XINWEN SHE in English 0428 GMT 7 May 94

[Text] Beijing, May 7 (CNS)—The State Council recently decided that in the case of Sino-foreign jointly-funded power plants, the foreign side is not allowed to ask for a return higher than 12 percent for their investment and that excessive demands will not be accepted by the Chinese side.

Some provinces and municipalities had in the past agreed to the demand of too high a rate of return on investment and other harsh terms in order to seek an early success for negotiated items, such a phenomenon causing the great concern of the State Council.

The State Council has in principle fixed a rate of return at between 11 percent and 12 percent. Demands higher than this will not be accepted by the Chinese side.

China last year saw RMB 52.2 billion [renminbi] investment in power construction with newly installed capacity put at 12 million kilowatts. Some RMB 60 billion capital will be put into this sector this year and the newly installed capacity is expected to be little bit higher than last year.

China now has a per capita provision of 600 kilowatts-hour (kwh) while that in the United States is over 5,000 kwh and that in Hong Kong, Japan and Britain is more than 2,000 kwhs. China is determined to increase its total installed capacity to 1.2 billion kilowatts in a bid to catch up with the level in medium developed countries.

Coal-fired, hydroelectric and nuclear power will be constructed simultaneously and foreign investment in this sector is welcome.

Circular Bans Misuse of Renminbi, Treasury Bond Designs

OW0905075994 Beijing XINHUA Domestic Service in Chinese 0455 GMT 14 April 94

[Text] Beijing, 14 April (XINHUA)—The State Council's General Office recently issued a circular prohibiting the use of renminbi and treasury bond designs on publicity articles, publications, and other commodities.

The circular says: In March 1991, the People's Bank of China, the Public Security Ministry, the State Administration for Industry and Commerce, the Press and Publications Administration, and the Ministry of Radio, Film and Television jointly issued a "circular concerning the use of the renminbi, foreign currency, and treasury bond designs on publicity articles, publications, and relevant commodities." This circular played an active role in strengthening the management of the renminbi and treasury bonds. But the use of the renminbi and treasury bond designs on publicity articles, publications, and commodities occurs frequently, providing opportunities for criminal elements to cheat and disturb financial order.

To safeguard the reputation and dignity of the renminbi and treasury bonds, the newly issued circular says: Without the approval of the People's Bank of China, no units or individuals are allowed to print, in any form, certificate or notes imitating the renminbi. Nor are they allowed to print renminbi and treasury bond designs on publicity articles, publications, and other commodities. It is necessary to strengthen the supervision and management of printing, publication, movies, television, and advertisement units, as well as other commodity manufacturers. If publicity articles, publications, and other commodities are found to be printed with such designs without the approval of the People's Bank of China, they should be confiscated immediately and destroyed on the spot. For those which have been sold, the illegal income

from the sales shall be confiscated and a fine of no more than the sale income shall be imposed. Personnel directly in charge of this activity or involved in this activity shall be investigated.

The circular urges that all localities and departments should conscientiously organize inspections, that press units should conduct propaganda campaigns, and relevant units should strengthen their supervision and management so as to stop the misuse of such designs.

Official Rules Out Renminbi Business by Foreign Banks

HK0705081094 Beijing ZHONGGUO XINWEN SHE in English 0504 GMT 7 May 94

[Text] Beijing, May 7 (CNS)—Conditions are not mature enough for foreign-funded banks to run renminbi business at the present stage considering that the commercial banking system had not yet been set up, the Deputy Director of the Securities Committee under the State Council and Vice Chairman of the Securities Supervisory Commission Mr. Tong Zengyin said.

With China now engaged in restructuring of the banking system, it will take time for the state-owned professional banks to switch to state-owned commercial ones. Unfair competition would result from letting foreign-funded banks undertake the renminbi business at a time when the commercial banking system had not yet been established. The way in which foreign-funded banks ran their business and the taxation rate for these banks were different from those for domestic banks at the present stage.

Mr. Tong said that the opening of banking business to foreign-funded banks had to be in line with the national situation. China employed the practice of letting foreign-funded banks undertake foreign currency business first and then went step by step to have them involved in the renminbi business. He added that there would not be an overall opening in such sector. Some areas including Shenzhen and Xiamen can take the lead in opening themselves to the outside world. The number of state-owned medium- and large-sized enterprises is relatively small in these places where the market economy system plays a dominant role and most banks operating there are commercial ones. They are therefore qualified for opening the banking business to the outside world to a greater extent. The time, however, is not ripe for the running of the renminbi business by foreign-funded banks at the present stage until the banking system is well established.

Official Predicts Smaller Foreign Trade Deficit This Year

HK0605141394 Beijing ZHONGGUO XINWEN SHE in English 1146 GMT 6 May 94

[Text] Beijing, May 6 (CNS)—China will find it much more difficult in getting rid of its foreign trade deficit

this year, according to a projection made by the member of the National Committee of the Chinese People's Political Consultative Conference and head of the study group for restructuring the foreign trade system Mr. Wei Yuming.

Mr. Wei pointed out that some factors would have an effect on export growth in foreign trade this year.

First, the shortage of capital places foreign trade enterprises in a difficult position while they will also find it rather difficult in obtaining loans from banks. Capital for the purchasing of export commodities is inadequate.

Second, domestic prices are going upwards leading to a rise in prices for export commodities, a phenomenon also affecting overseas businessmen's confidence in China's commodities.

Third, the world economy is seeing a slump and the overseas market is not brisk.

Following the release of rights to foreign trade to a lower level since last year, according to Mr. Wei, relevant work has been done in the wake of necessary adjustments during the past year. Banks have also tried their best to lend support to such trade. China is ready to set up import and export banks which will be advantageous to the foreign trade target set for this year.

The most difficult period in the course of the restructuring of the foreign trade system is something of the past, Mr. Wei said. The new problem, according to Mr. Wei, mainly lies in the exploitation of a diversified market in a bid to let foreign trade enterprises develop into large groups as well as preventing the drainage of talented personnel from this sector.

Beijing To Implement New Banking Laws

HK0705083094 Beijing ZHONGGUO XINWEN
SHE in English 0429 GMT 7 May 94

[Text] Beijing, May 7 (CNS)—Vice President of the People's Bank of China, Mr. Yin Jieyan, disclosed at a national working meeting on laws and regulations recently held by the People's Bank of China in Nanning at four financial laws such as the law of the People's Bank of China would be implemented.

Mr. Yin said that the four draft laws drawn up by the bank had been submitted to the State Council for discussion and examination last year and were expected to come into effect in the latter half of this year. They are "Law of the People's Bank of China", namely the Law of the Central Bank, the "Banking Law of the People's Republic of China", namely the Law of Commercial Banks, the Law on Insurance" and the Law on Bills".

Mr. Yin said that with the rapid development of China's economy and the implementation of reform measures regarding the financial system, financial legislation had been put on the agenda. Among the four laws, the "Law of the People's Bank of China" was aimed at upholding

stability of the value of the renminbi and the smooth operation of the financial market and financial business as well as improving the financial system to promote economic development. The law provides for the People's Bank of China to set up a currency policy committee to stabilize the value of the renminbi and prevent inflation. The "Banking Law of the People's Republic of China" was created with the aim of regularizing the conduct of commercial banks.

Article Urges Continued Banking Reform, Less Lending

HK0905060694 Beijing JINGJI RIBAO in
Chinese 10 Apr 94 p 1

[“Economic Reference Forum” article: “Steadily Push Forward Banking Reform”]

[Text] The risks of banking reform are not as great as those involved in fiscal reform and can be pushed steadily ahead. The guideline for banking work this year remains: “Continuing to rectify the banking order, steadily advancing banking reform, strictly controlling the gross amount of credit, and effectively strengthening banking supervision and management.” The regulations laid down last year have achieved great results, but should be further implemented this year, because many things have not been completed and have not been thoroughly solved. In addition, three requirements have been set for work this year.

First, control the scale of investment in fixed assets by all possible means. In order to control the overall scale of investment, we must control the amount of bank credit offered to fixed-assets investment projects. Solid results must be achieved in this regard. The State Planning Commission will lay down an overall quota, and bank branches in every province must be subject to such quantitative limitations. The overall quantitative limit must not be exceeded by even one yuan, because this has a bearing on the national economy and the destiny of the nation. The scale of investment is already very large, and has gone beyond the capacity of our national strength. Therefore, the task for the banks this year is to tightly control the scale of fixed-assets investment. If they fail to do this, there will be big trouble in the overall situation of the national economy.

Second, our specialized banks should be turned into commercial banks, and the first step will be taken this year. This will just be one step in the long process and is not a step which will complete the whole process. If no further loans are given to enterprises which operate in the red and fail to repay their debts, there could be unrest in society. There are still many such problems. Therefore, banking reform this year will only take a first step. We can consider how to run commercial banks in such circumstances. In general, however, the supply of working capital may be loosened, but lending for fixed assets must be strictly controlled. Loans for working capital may be arranged more flexibly and financial

support should still be given to enterprises which can achieve satisfactory economic results. Some enterprises that cannot achieve good economic results still cannot be allowed to go bankrupt immediately, and appropriate financial support should still be given to them according to the opinions of local governments. However, products cannot be just stockpiled in warehouses. This year, pilot schemes should be carried out in a number of provinces, and bankruptcy experiments can be carried out first in a number of enterprises in every province. Bankruptcy should be arranged for enterprises that have been operating in the red for a long time and cannot stop incurring losses after full preparations have been made, because if more loans are given to them, this will just increase their unpaid debts. After bankruptcy, their assets can be auctioned and the enterprises reorganized.

Third, the People's Bank of China should actually transform its functions and should really exercise banking supervision. The functions of the bank must be changed, and this was the aim of the reform we carried out last year. In the past, the People's Bank was keen to directly arrange loans. Loans throughout whole provinces were distributed by the People's Bank. This confused the functions of the central bank and those of the commercial banks. At present, the People's Bank no longer performs such a function, because it has to perform a more important function. It is not responsible for arranging even a small percentage of credit and does not involve itself in the distribution of credit-making quotas. It just plays its role as the central bank in exercising overall banking supervision and in keeping overall monetary order in every locality.

At present, it is necessary to pay attention to preventing some people's irregular fund-raising activities after credit has been brought under strict control. Irregular fund-raising activities and the irregular setting up of financial institutions cause high interest rates and disruption to the monetary order. Thus, the People's Bank is responsible for carrying out inspections. Problems discovered should be checked immediately and made known to all banks in the country. No loopholes can be left in this field; otherwise, things could go out of control. At present, some people just think that a modern enterprise system can only be the joint-stock system established through internal fund-raising means, with bank loans withdrawn. Then, what should the banks do? If all enterprises distributed large amounts of dividends to their workers or keep the profits in their hands own rather than depositing them with the banks, the banks will have no deposits and the state will have no money to arrange necessary capital construction. Therefore, it is necessary to organize and increase deposits. The People's Bank must change its functions and must impartially fulfill its supervisory task by checking interest-rate battles, savings battles, and irregular fund-raising activities based on high interest rates as soon as these things are discovered.

Individual Foreign Exchange Savings Continue To Rise

HK0805072694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 8-14 May 94 p 3

[By Ren Kan: "Foreign Exchange Deposits Up"]

[Text] Individual foreign exchange savings in the Bank of China (BOC) have surpassed \$10 billion.

Although specific figures are not available, an official with the bank said BOC depositors usually account for about 65 per cent of the country's total individual foreign exchange savings.

The official said bigger foreign exchange savings give the bank more capital for supporting domestic and foreign-funded ventures.

The official said the bank's individual savings have been accelerating since the beginning of last year.

In the past 16 months, deposits have risen by \$4 billion, an average of \$250 million a month.

The official attributed the high growth to the country's opening to the outside world, which has given Chinese more access to foreign exchange.

Domestic institutions and firms have assigned more people to work in overseas affiliates, and more labourers have been sent abroad on engineering projects.

Meanwhile, more Chinese residents have gone abroad to study or tour the official said.

The foreign exchange they bring back is the major source of the Bank of China's individual savings.

The official noted that more foreigners and residents of Hong Kong, Macao and Taiwan have entered the Chinese mainland. Part of their foreign exchange usually flows to relatives and friends in the mainland.

Furthermore, Chinese self-employed businessmen usually put their money in banks in the name of individuals instead of firms.

All these have created wider sources of foreign exchange. At the same time, though, limits remain on how foreign exchange can be spent, thus ensuring healthy bank deposits.

Although the China Investment Bank has permission to sell \$50 million worth of foreign-currency bonds to individual Chinese, these bonds have not yet been issued.

With few alternatives for spending their foreign currency, many Chinese prefer to put the money in banks even though the interest rate is relatively low compared with renminbi deposits.

Although the bank has raised the interest rate for foreign exchange accounts three times this year, the rate for

one-year fixed-term savings in U.S. dollars is still only 4.3125 per cent, compared with 10.98 per cent for renminbi.

The official said the devaluation of the renminbi has also induced Chinese to put their foreign exchange in banks to protect its value.

The Bank of China started its individual foreign exchange savings in 1984. Its more than 8,000 outlets accept savings in six currencies: U.S. dollar, Hong Kong dollar, British pound, Deutsche mark, Japanese yen and French franc.

Bank of China's Private Hard Currency Savings Increase

OW0705095494 Beijing XINHUA in English
0845 GMT 7 May 94

[Text] Beijing, May 7 (XINHUA)—The Bank of China (BOC) announced here today that private savings in foreign exchange in the bank exceeded 10 billion U.S. dollars by the end of April this year.

The figure is a net increase of four billion U.S. dollars over the end of 1992, when the total personal foreign exchange deposits in the bank totaled 6.09 billion U.S. dollars.

According to BOC spokesman Zhu Chi, the increase in private hard currency savings has averaged 250 million U.S. dollars per month since 1993, compared with an annual growth of one billion U.S. dollars between 1990 and 1991, and 1.4 billion U.S. dollars in 1992.

Zhu attributed the eye-catching growth to the increased entry and exit of citizens resulting from the country's expanded policy of opening to the outside world.

Remittances from residents' overseas relatives constitute another rich source of foreign money held by those residents on the mainland.

However, Zhu noted, the BOC's deposit policies play a positive role in attracting hard currency savings.

When the bank began to accept personal deposits in 1984, depositors could not withdraw their money at will. The restriction was removed in 1985, and a 100-percent increase in deposits was witnessed the following year.

To encourage personal savings, the bank grants preferential rates for big sums and long-term foreign exchange deposits.

As a state bank specializing in foreign currency and foreign trade, the BOC now sets the deposit interest rates on behalf of the People's Bank of China, the central bank. The interest rates closely follow the rates on the international financial market.

With the recent rise in the interest rates on the U.S. dollar in world capital markets, the bank has raised the rates accordingly eight times in a row since the start of 1994.

At a result, the one-year deposit interest rate for U.S. dollars now stands at 4.3125 percent, as compared with 2.75 percent at the end of last year.

Individual Savings Total RMB 1662.7 Billion in Mar

HK0605144894 Beijing ZHONGGUO XINWEN
SHE in English 0918 GMT 6 May 94

[Text] Beijing, May 6 (CNS)—According to statistics from an authoritative department, by the end of last March, the individual savings deposits of both urban and rural residents reached RMB [Renminbi] 1662.7 billion, bringing individual capital assets in the country to over RMB 2,700 billion.

Other than savings deposits, individual capital assets also include cash owned by residents of over RMB 460 billion which makes up 80 percent of the renminbi currency in circulation in addition to cash of over US\$13 billion, national debts of nearly RMB 100 billion and several hundred billion renminbi of various kinds of internal money-raising, stocks and bonds.

Financial experts here held that the big growth of individual capital assets indicated the gradual enrichment of varieties of monetary items, the continuous increase of channels for investment and the flourishing trend of the financial industry.

Foreign Companies Recognize, Employ China's Copyright Law

OW0705131994 Beijing China Radio
International in English to Western North
America 0400 GMT 4 May 94

[From the "Current Affairs" program]

[Text] Although the world's first copyright law was published in Britain nearly 300 years ago, it was only 1991 that a copyright law came into force in China. However, as CRI's (Guang Juanjuan) found out, the legal steps China has taken to protect intellectual property rights, including copyrights, are gaining world recognition. A lawsuit brought by the famous U.S.-based Walt Disney company has once again put China's Copyright Law under the spotlight. (Yuan Fang) has the details:

[Begin recording] [(Yuan)] In January of this year, the U.S.-based Walt Disney company filed a lawsuit in Beijing Intermediate People's Court. It was against two local publishing houses and one distribution department for allegedly publishing, distribution, and selling the company's picture albums without its permission. The three defendants are Beijing Children's Publishing

House, Beijing Publishing House, and the Beijing Distribution Department of Xinhua Bookstore. (Wang Yadong) from the (Jinghe) Law Office is one of the two defense counsels for the defendants. He explained why the lawsuit has aroused great attention both at home and abroad.

[(Wang), in Mandarin fading into English report by [(Yuan)] He says the most obvious point is in the past, U.S.-based companies seldom resorted to Chinese laws for legal protection if they found their copyright was violated. And the current lawsuit means foreign companies have now recognized the legislative procedures of China's copyright law are more in compliance with international norms and the law itself has been improved.

China began to draft its copyright law in March 1979. After 10 years of hard work, the country's first copyright law came into effect on 1 June 1991. And at the same time, the Detailed Regulations for the Implementation of the Copyright Law and the Regulations on the Protection of Copyright of Computer Software were also passed. Therefore, China has completed the three principal lawmaking requirements in the field of copyright protection. (Wang Yadong) says as a lawyer, he regards business lawsuits as a good phenomenon, because it shows the country's law system is more complete and reliable than before.

(Wang Yadong) says as the international economic and cultural exchanges develop, disputes over copyrights have also increased. These disputes can be solved through legal means. And if the alleged violation is proved, the Walt Disney company's rights will be protected. He also mentioned the complaints made by some Chinese companies and publishing houses, saying their books and records have been pirated in places outside the mainland.

(Wang Yadong) says that the country has participated [in] the Bern Convention for Protection of Literary and Artistic Works and the International Copyright Act in October of 1992. Chinese companies can also look into legal means to protect their rights and recover losses. And at this point, he states, the Disney lawsuit has created a good opportunity for Chinese law departments and institutions to popularize the sense of copyright protection among ordinary citizens—let them know how to protect their own copyrights and in the meantime, avoid violating others rights.

For China Radio International, I am (Yuan Fang). [end recording]

Foreign Exchange Reserves Increase 'Substantially' in '94

OW0805125694 Beijing XINHUA Domestic
Service in Chinese 0249 GMT 19 Apr 94

[By reporter Wang Hongyang (3076 3163 3152)]

[Text] Shanghai, 19 Apr (XINHUA)—In issuing an announcement here on 18 April regarding the official establishment of the China Foreign Exchange Trading Center, Zhu Xiaohua, vice president of the People's Bank of China and director of the State Administration of Exchange Control, said: Our country's foreign exchange reserves have increased substantially this year.

Speaking at a no-frills opening ceremony, he said: Since 1 January, our country has implemented a new foreign exchange control system. People in all circles at home and abroad have fully affirmed this practice. Over the past three months or so, we have successfully unified exchange rates, keeping the renminbi's exchange rates generally stable throughout and striking a basic balance between supply and demand on the foreign exchange market. We have kept foreign exchange trading conduits relatively free for all types of enterprises, thereby basically guaranteeing enterprises' reasonable demands for foreign exchange.

He said emphatically: Because of the influx of foreign capital, the growth of imports, and the expansion of foreign exchange receipts from nontrading sources such as tourism over the past three months, our country's foreign exchange reserves have grown by a record margin in both absolute and relative terms compared to the corresponding periods in past years.

On the significance of establishing the China Foreign Exchange Trading Center, Zhu Xiaohua said: The official operations of this establishment will serve Chinese- and foreign-funded banking institutions, as well as banking institutions funded jointly by Chinese and foreign investors, in balancing their surpluses and deficits in foreign exchange, and they will provide a reliable guarantee for the nationwide circulation of foreign currencies and for foreign exchange settlements in banks; they will also provide an effective market facility for improving the mechanism for shaping exchange rates, for implementing a unified and managed floating rate system based on market supply and demand, and for gradually making the renminbi freely convertible.

According to the relevant experts, foreign exchange trading and clearing on this unified national foreign exchange trading market, which formally went into operation on 4 April, has been basically normal over the past two weeks.

Government Introduces New Policies on Opening Businesses

HK0705083194 Beijing ZHONGGUO XINWEN
SHE in English 0301 GMT 7 May 94

[Text] Beijing, May 7 (CNS)—The State Administration Bureau for Industry and Commerce has decided to further open its businesses in seven ways:

- Financial enterprises having the needed requirements are, with prior approval, allowed to run non-financial enterprises with their own capital and to invest in other industries.
- Non-production and diversified companies with capital of RMB 200 million [renminbi] or more and trust and investment companies as well as companies engaging in project construction with capital of RMB 100 million are permitted to engage in real estate development and management.
- Management of commercial enterprises and goods and materials supply and marketing enterprises will further open and such enterprises will be allowed to do wholesale, retail, purchase and sale on commission business.
- Information and consultancy companies which are related to scientific and technological advancement and run or jointly run by scientific and technological personnel and various kinds of collectively-run technological services enterprises will be allowed to be registered.
- Economic entities run by redundant staff of party and government organs, who have cut off their connections such as names, financial and personnel affairs with such organs, can apply for registration. The redundant staff involved in these entities are not allowed to retain their posts in the above-mentioned organs, nor to use the names of their original units or to engage in businesses in the capacity of party or governmental cadres.
- Grass-roots institutions such as agricultural technology stations and medical stations for farm animals are allowed to be registered after examination. Their businesses can be managed in the way of enterprises and are allowed to run production, processing and consultancy service entities.
- Foreign capital is encouraged in setting up tertiary industry and those businesses banned in the past will be, through trial, gradually opened like land development, large-sized retail industries, transportation, finance and tourism. In addition, the procedures set for registration approval for foreign investment enterprises will be further simplified and unnecessary approval set for special items will be canceled.

Foreign Arbitration Achieves 'Remarkable' Results

OW0605184394 Beijing XINHUA in English
1458 GMT 6 May 94

[Text] Beijing, May 6 (XINHUA)—China has handled over 2,000 foreign-related arbitration cases over the past 40 years, with 486 last year.

This was disclosed at a meeting here today to mark the 40th anniversary of the set-up of the China World Economic and Trade Arbitration Commission and

China Maritime Arbitration Commission, affiliated with the China Council for the Promotion of International Trade (CCPIT).

The two institutes bestride other world commercial arbitrators in terms of the number of cases involved, the meeting was told.

Ren Jianxin, president of China's Supreme People's Court and honorary chairman of the two commissions, noted that foreign arbitration has gained remarkable achievements over the past 40 years, especially in the past 15 years.

The impartiality of China's arbitration has earned recognition as well as a good reputation at home and abroad, Ren said.

He asked these institutes to speed up modernization and move closer to international practices.

Zheng Hongye, chairman of CCPIT and the two commissions, told the meeting that the two institutes will contribute more to the safeguarding of the just interests and rights of domestic and foreign interested parties and to the promotion of economy and trade, transport and shipping at home and abroad.

Overseas Equity Listings To Stay as Long-Term Strategy

OW0605184594 Beijing XINHUA in English
1448 GMT 6 May 94

[Text] Beijing, May 6 (XINHUA)—Making good use of the international equity market is China's long-term strategy and more Chinese firms can expect to go public on overseas stock markets in the future.

"Overseas listing will become one of the main vehicles for China to attract foreign capital in the years to come," said Nie Weiping, deputy director of the Overseas Department under the China Securities Regulatory Committee, the country's top securities administrative body, at a symposium on public relations for China's overseas listings.

He said that investors from the developed countries have begun to actively participate in trading Chinese or China-related equities after years of watching and pondering.

"Their enthusiasm is a great help to us in entering the international capital market," said Nie, adding that the securities authorities are seriously considering expanding Chinese firms' presence on the world financial market to seek more foreign investment via such means as launching China funds as well as issuing convertible bonds.

The significance of overseas listing, however, lies in accelerating the process of enterprise reform which aims to enhance productivity and make these firms consistently profitable.

According to Nie, the seven Chinese firms already listed on the Hong Kong market have all reported remarkable improvements in management and economic efficiency.

They have expanded production as they used the funds raised through stock issues to purchase advanced technology and equipment.

The fund raised by the seven firms totals an estimated 10.5 billion H.K. [Hong Kong] dollars.

And the yearly profits of these firms have all exceeded the projected figures in their statements for public stock offering, said Nie.

The symposium, co-sponsored by the China Securities Regulatory Commission and Edelman Public Relations Worldwide, features presentations on listing mechanisms and public relations support for the Hong Kong Stock Exchange, the New York Stock Exchange, and European investor roadshows and discussions on ADRS [expansion unknown].

Experts from major world banks, investment corporations, auditing firms and public relations companies will have detailed exchanges with the 40-odd Chinese firms seeking overseas listings.

Offshore Oil Firm To Become International Conglomerate

OW0705142294 Beijing XINHUA in English
0828 GMT 7 May 94

[Text] Beijing, May 7 (XINHUA)—The China National Offshore Oil Corporation (CNOOC) has worked out a new strategy to build itself into an international conglomerate in the near future.

A CNOOC official today revealed that under the new strategy the corporation is to develop itself into an international conglomerate with multinational oil companies as its backbone, within a time span of five years.

The future conglomerate will also embrace a series of solely-funded subordinates with limited responsibility and a number of share-holding companies, he said.

This marks a big step for CNOOC, the only state firm in charge of China's offshore oil and gas exploration and development, to rid itself of the drawbacks of the planned economy and get used to the fledgling market economy.

The official said CNOOC will continue to expand co-operation with the outside world and seek more domestic investment in the exploration and development of offshore oil and gas.

Meanwhile, he said, the corporation will speed up the expansion of its overseas business and activities, adjust its industrial structure and incorporate upstream and downstream operations.

Multiplying the trades and the sources of investment will surely speed up as well as upgrade the development of the corporation, he asserted.

Founded in 1982, CNOOC has, over the past 13 years, attracted about 3.8 billion U.S. dollars in foreign investment and signed 94 contracts with 55 companies from 15 countries.

By the end of last year, the corporation, together with foreign partners, had proved 1.2 billion tons of oil in place and developed and built 11 oil and gas fields.

It is expected to produce 12 million tons of crude oil and four billion cu m [cubic meters] of natural gas in 1997, according to the estimation of experts.

However, CNOOC, which now has 12 subordinates, believes that bank loans being the only source of investment has caused a chronic short supply of exploration funding.

It also blamed the static industrial structure for the corporation's incompetency in dealing with possible risks.

In addition, the changes in China's macro-economic climate, with the reform of the systems of taxation, foreign exchange and investment in particular, have weaned the company from most of the state's preferential treatment it used to enjoy.

Wan Yan, president of CNOOC, said: "We must find a good way out to complete the transition from the planned economic system to the market economic system so that we are able to achieve new and even greater developments, from a new starting point."

Regulations on Responding to Foreign Accusations, Dumping

HK0905013694 Hong Kong CHING CHI TAO
PAO in Chinese No 15, 18 Apr 94 pp 16

[From "Chinese Economic News" Column: "Regulations on Responding to Foreign Accusations About Dumping"]

[Text] The Ministry of Foreign Trade and Economic Corporation promulgated the "Regulations on Responding to Foreign Accusations About Dumping" not long ago to resolve the issue of weak responses to the implementation of anti-dumping cases overseas, protection of legitimate rights of Chinese production and export enterprises, and maintenance of exports market.

Based on the regulations, when Chinese products are accused of having been dumped, the respondent should be 1) the enterprise who has the right to operate in foreign trade, whose products are being targeted in dumping cases and exported to the country or region that lodges the accusation during the period of investigation; and 2) the enterprise that manufactures the exports referred to in the aforesaid clause. It is stipulated that all

export-and-import chambers of commerce and associations for foreign-funded enterprises are to be in charge of organizing and coordinating the response to foreign accusations about dumping; at the same time, special persons should be appointed to take charge of such cases. Under specific conditions, local commissions for foreign economic relations and trade, when authorized, may be in charge of organizing the response to foreign accusations about dumping, too.

GE Set To Invest '\$500 Million' in Next 3-5 Years

HK0905050194 Beijing CHINA DAILY in English 9 May 94 p 2

[By Wang Yong: "GE to Invest \$500m in New Projects in China"]

[Text] General Electric Company (GE), a U.S.-based multinational industrial giant, is planning to take a bigger slice of the Chinese market for its twelve major business units.

"We will invest approximately \$500 million more in China over the next three to five years," said Jeffrey Gannon, President and CEO of GE China in an exclusive interview with CHINA DAILY over the weekend.

The figure excludes investment by GE Capital, a specialized investment arm of the company, which has total assets of more than \$211 billion.

GE Capital has over \$1 billion invested in Chinese aircraft and container leasing operations, which it has run for several years. It is planning to upgrade its representative office into a wholly owned branch later this year, Gannon said.

GE plans to set up seven major new enterprises in China, either wholly owned or in joint ventures, by 1996.

They will be in the areas of lighting, plastics, locomotives, hydropower, gas and steam turbine generators, appliances, and financial services.

"We are planning for the next 100 years in China, and we want to be a Chinese company, an insider of the Chinese economy," Gannon said.

The best way to achieve that goal is to localize GE's business in China, he explained.

Despite the dispute between China and the United States over the most favoured-nation (MFN) issue Gannon said GE has decided to increase its presence in China "without hesitation."

"We have confidence in this country and, even without MFN, there will be significant trade flow between GE and China," he said.

According to him, the withdrawal of MFN will have a short-term impact on GE's business in China, but the company is looking at the Chinese market on its own merits.

GE has reached final agreement with a partner in Shanghai and is awaiting approval to set up what will be China's largest lighting manufacturing plant. GE will hold the majority interest.

Gannon said a certain part of the joint venture's products will be exported to balance its foreign exchanges.

GE has also set up a wholly owned plant in Guangdong Province. The construction of the facility started 1 April.

The plant, which involves a \$50 million investment from GE, will be the first to produce hi-tech engineered plastics in China when it comes on line.

GE is also negotiating to form a joint venture for local service and training for its aircraft engines sold in China.

To date, GE has captured about one-third of the Chinese aircraft engine market. Gannon predicted that the share could increase to more than a half in the near term.

As for the power sector, GE is planning to localize the production of gas and steam turbine generators, as well as hydro equipment.

"We expect GE's annual sales (plus orders) in China to reach more than \$2 billion by 1996 or 1997, up from \$1.1 billion last year," he forecast.

Projected Growth of Investment in Fixed Assets Increases

HK0805070994 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 8-14 May 94 p 1

[By Wu Yunhe: "Capital Spending Speeds Up"]

[Text] China's fixed assets investment might grow faster than the government's target this year of nearly 10 percent, the State Information Centre said.

Xu Hongyuan, an official with the centre's economic forecasting department, predicted that investment in fixed assets this year might hit 1,500 billion yuan (\$172.4 billion), up nearly 27 percent from a year ago. Last year, capital spending grew by 50.6 percent from 1992.

Xu believes the higher level is needed because the current market demand is very much related to fixed assets investment, which is also a major factor in maintaining high economic growth in the future, as the government has envisaged.

After a careful study of economic developments and in light of growing confidence that inflation will be kept at bay, economists now believe that demand should be spurred a little bit more than what was targeted at the beginning of this year.

The centre, an arm of the State Planning Commission, believes this could be done through larger fixed assets investment.

By doing so, Xu said, the gross national product (GNP) could expand by 11 percent this year, 2 percentage points higher than what was envisaged at the start of 1994.

The latest statistics show that while inflation and fixed assets investment are moderating, personal savings and official revenues are growing rapidly.

The year-on-year increase in fixed assets investment was 36.2 per cent in March, down 34.5 percentage points from a year earlier.

The yearly growth in capital spending is expected to subside to about 32 per cent by June, down 29 percentage points from a year earlier.

Individual savings in the country's banks are currently 186.2 billion yuan (\$21.4 billion) higher than last year.

In addition, the government had already withdrawn 3 billion yuan (\$345 million) in currency during the first quarter of this year.

The growing savings and the government's active money withdrawal have helped curtail inflation, which slipped 1.4 percentage points from March to April. Xu said he believed that despite the rising prices of some agricultural products, the current market demand is generally weakening compared with the growing supply of goods, which may dampen factory production as well as economic performance.

He also explained that the inflationary pressures that have cast a pall over the economy are mainly side-effects of the price and tax reforms of last year, and should gradually fade in the months to come.

As a result, the State Information Centre believes that the growth in fixed assets investment is reaching an acceptable level because consumer spending relies on the stimulus of fixed assets investment.

But, he added that the government should keep a watchful eye on the growth in fixed assets investment, which customarily peaks in the fourth quarter.

National Petroleum Corporation Expands Overseas Operations

HK0805072594 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 8-14 May 94 p 1

[By Chang Weimin: "CNPC Looks Abroad for Oil Business"]

[Text] The Chinese petroleum industry is broadening its global business horizons by consolidating old footholds in some countries and establishing new ones elsewhere.

The China National Petroleum Corp (CNPC) says its overseas operations are advancing as scheduled.

In the meantime, it says, conditions are suitable for opening new areas for petroleum exploration and development.

In an interview with *Business Weekly*, Zhang Yongyi, CNPC's vice-president, cited the example of old oil wells in Peru that have been upgraded by Chinese technicians and are now producing more oil.

CNPC signed a contract with Petrol Peru last year for further development of a 182-square-kilometre block in an old oilfield. Production at the oilfield, which was discovered in 1874, has declined after more than 100 years of exploitation.

CNPC, which produces some 140 million tons of crude oil a year, has mature technology and enough equipment for enhancing oil recovery, Zhang said.

In a couple of North and Latin American nations, CNPC is conducting seismic work, Zhang revealed.

In Thailand, CNPC has made progress in developing oil. Another CNPC official said Chinese are doing preparatory work for constructing an oilfield.

In Papua New Guinea, CNPC will explore for oil in one block code-named 160 and another named Kamusi. CNPC is teaming up with companies from Japan and Hong Kong in the exploration.

After leading a business group to the Central Asian nations of Turkmenistan, Uzbekistan, Kazakhstan and Kyrgyzstan last month, Zhang said new fields for cooperation will be opened there. Zhang was travelling with a Chinese Government delegation headed by Premier Li Peng.

Zhang believes prospects for Chinese co-operation with the four republics are good since the needs of all five countries are complementary.

Two letters of intent for closer ties were signed by CNPC and the petroleum sectors of Turkmenistan and Uzbekistan.

More co-operation is expected in the exploration, development and trade of crude oil and natural gas.

According to the letters of intent, technical exchanges and visits to oilfields will be more frequent than before.

CNPC and Turkmenistan reaffirmed their desires to work together, along with the Japanese industrial conglomerate Mitsubishi, to develop natural gas.

Construction of a pipeline is being considered to carry natural gas from Turkmenistan to Japan by way of China. Gas resources in Turkmenistan are estimated at 20,000 billion cubic metres.

Zhang cited several advantages for CNPC in improving petroleum cooperation with Central Asia:

- Proximity, which ensures convenience in co-operative exploration, development and trade;
- Chinese technology, engineering and experience, which suit the needs of the four nations;
- Similar economic and social conditions, which enhance mutual understanding as the five countries make the transition from rigid central planning to market economies.

'High-Profile' Overseas Trade Fairs To Attract Investment

HK0805070694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 8-14 May 94 p 1

[By Xiao Wang: "Forums Set To Drum Up Investment"]

[Text] In the next few months China is to launch a series of high-profile trade forums overseas to attract investment worldwide.

These forums, mostly organized by the Ministry of Foreign Trade and Economic Co-operation (Moftec), are the Chinese Government's latest response to foreign investors gripped by "China mania." Late this month, Moftec will orchestrate a massive trade delegation that will visit Hong Kong to promote investment.

The promotional trip will be the first to Hong Kong organized by Moftec.

But officials declined to give details about the Hong Kong forum.

Local analysts said the trade forum takes on added significance as it follows the issuance of HK\$3 billion (US\$380 million) in Hong Kong bank notes by the Bank of China.

From June 1 to 9, Moftec Vice-Minister Gu Yongjiang will head another big delegation to Australia to promote trade and investment. The delegation, of around 200 people from 20 provinces and cities, will leave on May 30 and return on June 11.

"More than 500 Chinese projects (seeking Australian investment) will be announced in Melbourne from June 1-3 and Sidney from June 7-9," said an official with the foreign investment administration of Moftec.

Of the projects, 53 involve infrastructure; 428 are in manufacturing; 18 in agriculture, forestry and husbandry; 17 in services; three in science; and one in research.

Australia hopes to be further integrated into the Asia-Pacific region.

Through last year, Australia had pledged some \$1.3 billion to 1,310 projects in China. The actual input was \$338 million.

This makes Australia one of the top 10 overseas investors in China. During the Australian visit, the China National Technical Import and Export Corp and the China National Machinery Import and Export Corp will seek to facilitate imports and exports, Moftec officials said.

From late May to early June, Moftec Minister Wu Yi will lead a delegation to Japan to discuss bilateral trade and investment opportunities.

Besides attending a meeting with the Japanese Ministry of International Trade and Industry, Wu will attend a conference in the capacity of Chairperson of the China-Japan Investment Promotion Committee.

Wu's visit comes at a time when more Japanese companies, such as NEC, Mitsubishi and C. Itoh, are seeking more business with China.

Last year alone China approved 3,488 projects involving \$2.96 billion worth of pledged Japanese investment. The actual input was \$1.32 billion.

By 1993 Japan's total promised investment in China was \$8.86 billion in 7,182 projects. The actual input was \$5.17 billion.

Moftec will also organize a large trade and investment delegation to Italy and France late next month, officials revealed.

Altogether 100 people from 14 provinces and cities will offer 330 projects for investment. The projects mainly cover chemicals, foodstuffs, machinery, leather, light industry, textiles, building materials and medicine.

Regulator Urges Standardization for Securities Firms

HK0805070894 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 8-14 May 94 p 2

[By Liu Weiling: "Uniform Standards for Securities Firms Urged"]

[Text] The nation's top securities regulator has urged listed companies to standardize their operations in accordance with national regulations and laws.

Liu Hongru, chairman of the China Securities Regulatory Commission, said that as the country's stock market matures the role of public companies in the development of the securities industry gains importance.

He said the companies, which are pioneers in China's shareholding reform and the establishment of a modern corporate system, must strictly obey regulations because their every action can arouse great attention from the public.

"Standardized operation of the listed companies is the foundation for a stable and healthy development of the stock market," he said.

Liu said that if a stock market pays little attention to companies' illegal practices, serious speculation will appear and endanger the stability of the market.

"To a certain degree, the quality of the public companies is of vital importance to the future of China's stock market and to the confidence of shareholders," he said.

Meanwhile, Liu pointed out that standardizing the operations of public companies is also a prerequisite for access to the international securities markets.

With more international financial institutions shifting attention to China, there are more opportunities for Chinese enterprises to enter the international securities markets.

But this also requires companies to improve their performance and bring their operations in line with international practices, he said.

In addition, Liu said standardized operations also represent a basic way for listed companies to establish a good image among shareholders, raise their credibility and improve market competitiveness.

He said that although listed companies have done much already, many problems persist, such as:

- Rights and responsibilities among companies' shareholders, directors and senior managers are not defined clearly;
- Some companies blindly expand their shares and capital to mask poor management;
- Some companies, unaware of disclosure requirements, don't release information properly;
- Some even make major decisions without authorization.

Securities Business Expanding Along With Economic Growth

*OW0805015094 Beijing XINHUA in English
0137 GMT 8 May 94*

[Text] Shanghai, May 8 (XINHUA)—China's securities business is expanding along with the country's rapid economic growth.

According to preliminary statistics, employees in government securities administrative, business and service departments top 50,000 at present.

The State Council's Securities Committee, the China Securities Regulatory Commission and provincial securities administration departments have at least 1,000 staff members each.

They have drafted a package of securities laws and regulations in coordination with legislatures to ensure the healthy development of China's securities markets.

Opened to service since 1990, the Shenzhen and Shanghai Stock Exchanges have continuously upgraded their telecommunications and technology facilities to boost their business.

So far the two exchanges have issued 250 types of A-shares and 50 B-shares.

They have about 1,000 members, who have opened some 2,000 securities business departments in more than 300 cities. These departments employ at least 40,000 people.

In addition, China has ten newspapers and magazines specializing in securities, and over 1,000 newspapers, and radio and television stations which carry columns or programs on securities.

Consultancy services, and computer and software companies specializing in securities are mushrooming across the country.

A survey report shows that the transactional volume on China's securities markets last year amounted to 374 billion yuan. They delivered one billion yuan in profits to the state last year.

Efforts To Acquire Foreign Technology Discussed

*HK0705070394 Beijing CHINA DAILY in English
7 May 94 p 2*

[By Xie Yicheng: "Technology Transfer Increasingly Sought"]

[Text] China, stands poised to enter the global economy by exchanging more technology with foreign companies.

This aspiration was expressed in Beijing yesterday by Ren Jianxin president of the Supreme People's Court, in his speech to 400 participants of the Licensing Executives Society (LES) International Conference.

LES International, established in 1974 in San Francisco, is a global non-governmental body specialized in the study and promotion of technology trade that covers the transfer of copyrights, trademarks, patents, know-how and trade secrets.

United Nations estimates predict the world's technology trade will hit \$230 billion in 1995, compared with \$50 billion 10 years ago.

"The world's economic trend has provided many Asian countries, including China, with an excellent opportunity to develop their own national economies," Ren said.

"Technology transfer and licensing, closely linked with economic development, shall have broad prospects in a region with great vitality."

Between 1979 and 1993, China struck over 7,000 technology trade contracts with foreign countries valued at almost \$48 billion, according to the Ministry of Foreign Trade and Economic Co-operation.

Last year alone saw 493 technology import deals worth \$6.11 billion and 141 technology export deals worth \$2.15 billion.

The imports included large equipment, licensing, technical services and consultancy for product design, technique and manufacturing know-how.

Ren also noted that China has developed a sound legal system for protecting intellectual property rights.

China's rewritten Patent Law and Trademark Law has offered extended protection. Copyright protection has also been brought into line with international norms, and the security of trade secrets has been stipulated in the Anti-Unethical Competition Law enforced in December 1993.

'Special Article' Reviews Results of Bankruptcy Law

HK0705012294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1021 GMT 18 Apr 94

["Special article" by Si Liang (2448 5328): "The Results of Implementing the Mainland Enterprise Bankruptcy Law Are Not Satisfactory Enough"]

[Text] Hong Kong, 18 Apr (ZHONGGUO TONGXUN SHE)—Since the "PRC Enterprise Bankruptcy Law" came into force in 1988, it has created the conditions for setting up the legal framework of enterprise management and the new enterprise system. However, the results of implementing the bankruptcy law in the last five to six years have not been satisfactory enough. Some contents of the law are now unsuited to the situation whereby the structure has been changing into the market economy in recent years and different ownership forms are coexisting. It is said that the authorities are now considering a substantial revision of the bankruptcy law.

According to incomplete statistics, in the five to six years of implementing the bankruptcy law, only some 1,000 enterprises applied for bankruptcy. A large number of these enterprises were under collective ownership, state-owned enterprises only accounting for a small proportion. In addition to such objective factors as changes in market conditions, the enterprises went bankrupt mainly because of problems in their internal management. For example, their self-control mechanisms were not working; their accounts were not in order; they were short of working funds; their products were of inferior quality; they concealed business losses or incurred losses through lack of experience or being taken in; and they had been running in the red for a long time through poor management and had failed to repay their debts.

What has perplexed people is the fact that many state-owned enterprises which were running in the red for a long time, and living solely on state financial subsidies, did not apply for bankruptcy. Reportedly, this year, one-third of several hundred million state-owned enterprises will incur overt business losses [ming kui 2494

5719]; another one-third will incur covert business losses [qian kui 3383 5719]; and only the remaining one-third will show small profits. The mainland department concerned recently investigated some state-owned enterprises which were running in the red in six provinces and reached the conclusion that at least 30 percent of state-owned enterprises should go bankrupt. In fact, the number of enterprises having applied for bankruptcy accounted for just 0.001 percent of the total number of enterprises on the mainland. This shows that the results of the bankruptcy law's enforcement were not satisfactory enough. As a rule in market competition, enterprises having lost their vitality and failing to survive should be eliminated; however, a large number of enterprises which have been running in the red for a long time are now unwilling to apply for bankruptcy and still rely on government subsidies for their continuing existence. This is indeed a big problem. In fact, the implementation of the "PRC Enterprise Bankruptcy Law" has encountered many difficulties. First, some government departments were worried that, because the social insurance system was not perfect enough, if a large number of enterprises were allowed to go bankrupt then a large number of workers would become jobless and it would be hard to arrange new jobs for them, adding an unstable factor to society. Second, most of the loss-making enterprises were floated by bank loans, so the banks did not want to see that their loans would never be recovered if the enterprises went bankrupt, because, as the banks said: "Bankruptcy will just shift the losses onto the banks." As the money loaned by the banks came mainly from ordinary people's deposits, if a bank also goes bankrupt, society would experience major turmoil. Therefore, the banks would rather see the enterprises indefinitely in arrears with debt payments than having the debtors go bankrupt. Third, the bankruptcy of a large number of enterprises will inevitably bring about a chain reaction because debt chains exist among all enterprises. If one enterprise goes bankrupt, other enterprises with business relations will suffer serious losses. In addition, as some enterprises play a major role in processing local resources, if they go bankrupt the development of local resources will be seriously affected.

All this shows that the implementation of the bankruptcy law, especially for state-owned enterprises, is facing mountains of difficulties. However, if the bankruptcy law cannot be implemented smoothly, the situation will be unfavorable to the new round of enterprise property rights reform beginning this year to establish the modern enterprise system and also to the further development of the market economy.

In order to force more state-owned enterprises which have been running in the red and failing to repay debts go bankrupt as they should do, the authorities are adopting some measures to deal with the difficult points. One of the measure was to set up a system of keeping tens of billions of yuan in reserve funds in the banks to cope with bad debts and make up for the losses caused by enterprise bankruptcies. This year, 7 to 8 billion yuan

will be assigned to 15 cities, including Shanghai and Shenyang, to offset bad debts appearing in pilot schemes of enterprise bankruptcy. Another measure was to set up a foundation for workers losing their jobs in enterprise bankruptcies. Each worker will be given about 20,000 yuan as redundancy compensation so that they can pay the living costs while remaining jobless. It is expected that a new breakthrough may be made this year in the number of bankruptcy application cases among loss-making enterprises.

'Soaring Inflation' Becomes 'Serious' Economic Problem

HK0705055894 Beijing ZHONGGUO XINWEN
SHE in English 1431 GMT 6 May 94

[Text] Beijing, May 6 (CNS)—Minister of the State Planning Commission, Mr. Chen Jinhua said at a forum on macro-economy in China that marked achievements had been made in the process of strengthening and improving decisions for macro-control and adjustment but tasks in this sector still remained arduous.

Mr. Chen said that a series of policies regarding the strengthening and improving of decisions for macro-control and adjustment adopted by the party central committee and the State Council last June had effectively curbed the overheated and disordered economy in the country, creating better conditions for reform and opening to the outside world as well as for economic development. In the first quarter of this year, the investment growth of state-owned units dropped to 37.2 percent from 57 percent in the same period last year. The financial situation in the country had also shown a favorable turn with a turn of net cash withdrawal in the first quarter of this year from the net cash input in the same period last year. Financial confusion such as rampant money collecting and illegal issuance of inter-bank loans had been basically curbed and the national economy continued a better momentum of increase.

Mr. Chen said that certain marked problems existing in economic operations had not yet been thoroughly solved and the strengthening and improvement of macro-control and adjustment remained an arduous task. The serious problems facing the present economy was the soaring inflation. [as received]

The reasons for such inflation could be analyzed from various angles, Mr. Chen said. The main reason was too much social demand and overly big investment scale exceeding the national power in particularly. At present the local authorities planned to further expand their investment scale with the expectancy that macro-control measures would be relaxed in the latter half of this year.

Mr. Chen said that it was very necessary to further unify ideas and increase consciousness to carry out macro-control and adjustment measures.

Nation's 'Pillar Industries' Making 'Substantial Progress'

OW0705143294 Beijing XINHUA in English
1336 GMT 7 May 94

[Text] Beijing, May 7 (XINHUA)—China has made substantial progress in construction of the "pillar industries", which have been designated to promote a high-speed, steady and healthy economic development.

In the beginning of the 1990s, the Chinese Government worked out a plan to vitalize the industries of machinery, electronics, petrochemical industry, automobile and construction, and gradually make them pillar industries capable of driving the development of the whole economy.

Sources from related departments show that in the past few years, these industries have generally maintained fairly high development speed, with their output value constituting a considerable part in the gross national product. They have also made significant breakthroughs in technical advancement, scale economy and some other aspects.

An official from the Ministry of Machinery said that in 1993 the machinery industry finished a total output value of 360 billion yuan, an increase of 24 percent over the previous year.

The output of mechanical equipment needed by the state's key construction projects has been largely increased, the research of key technical equipment has made smooth progress, such as the home-made 300,000-kw and 600,000-kw thermo power generating units, the cold and heat continuous rolling mills and blast furnace of the second-phase project of Baoshan Iron and Steel Company, which have reached the internationally advanced level.

The country's electronics industry has begun its effort to organize large enterprise groups, in a bid to develop new and high-tech products with joint investment. In this aspect the ministry has already experienced success in building "Hualu"—an ambitious video-corder production base, of which the first-phase project, capable of producing 1.5 million sets of key parts, became operational at the end of last year.

So far, computers have been used in more than 20 industries including banking, railways, civil aviation, building materials, metallurgy, commerce and tourism, and the number of computers being used has exceeded 1.5 million.

China's auto industry has been taking shape in recent years, with construction of the state's eight key production bases going smoothly and the output capacity rising fast. In 1993 the country's total auto output reached 1.28 million, up 20 percent from the previous year.

The auto industry has introduced more than 200 items of technology in recent years, while at the same time

making active efforts to increase the proportion of home-made parts. To date the proportion of home-made parts in "Santana" produced in Shanghai has exceeded 80 percent, while that of "Cherokee Jeep" in Beijing, "Peugeot" in Guangzhou and "Xiali (Charade)" in Tianjin have all exceeded 50 percent.

As a result of improved quality, some China-made auto parts have already been exported.

To make sure that the plan of "pillar industries" construction be fulfilled, the related ministries have all drafted special industrial policies to define the key points to be developed.

For machinery industry, the key points are complete sets of equipment for transportation and energy, and basic machinery parts; for the electronics industry, they are integrated circuits, computers, telecommunications equipment and modern domestic appliances.

The key parts for the construction industry are residential houses, public facilities and industrial buildings, while that for the auto industry are sedan cars, light trucks and auto parts.

'Special Article' Views Causes of Rising Inflation

HK0705070594 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0451 GMT 20 Apr 94

["Special article" by correspondent Zhong Min (6988 2404)]

[Text] Retail prices in the first quarter of this year rose 21 percent from the same period last year, eight percentage points higher than last year's average increase of 13 percent and far higher than the hoped-for "10 percent rise in annual retail price increases" the State Council vowed to achieve early this year. Although market supply in the mainland remains stable, inflation will become this year's greatest problem, slowing down various reforms and economic development.

Figures from the State Statistics Bureau show an average of more than 25 percent price increases from the same period last year in the first quarter in 35 cities across the country, with Haikou (34 percent), Urumqi (30.6 percent), and Nanjing (30.1 percent) as the top three. Even Beijing's 24 percent, Shanghai's 23.3 percent, and Guangzhou's 24.3 percent, which are lower than average, are higher than the national average.

In general, when the inflation rate in a country rises higher than 20 percent, dire consequences inevitably follow: economic recession, serious losses and factory shutdowns, massive unemployment, panic buying in the market, and other such chaotic phenomena. But Western experts are surprised to find that none of the above have happened in mainland China, where market supply has remained normal.

The truth is, incomes in the mainland rose even higher during the steep price hikes. Figures provided by the

State Statistics Bureau show that the income of township and town residents in the first quarter of this year rose an average of 31.1 percent from the same period last year, a net growth of 9.3 percent allowing for price increases. Another survey showed that increases in urban residents' income came mostly from bonuses, allowances, part-time jobs, and extra money from odd jobs. This explains why people have been able to withstand soaring price increases.

However, constraints and the negative impact of inflation are being felt in various areas in the mainland. Mainland experts pointed out: First-quarter GDP grew 12.7 percent from the same period last year, of which total industrial output value grew 16 percent from the same period last year. A large increase in fixed- assets investment was the primary engine of economic growth, of which fixed-asset investment by state-owned enterprises alone increased 36 percent from the same period last year. This, plus the 50 percent or more increase in fixed-assets investment last year, was a massive dose of new investment which generated a tremendous pull on goods, and, in turn, social demand and supply, forcing up prices for raw materials, energy, and transport and, therefore, enterprises' production costs, which in turn raised prices for daily necessities. Experts estimate that fixed-assets investment this year will rise by about 25 percent to 1,500 billion yuan, higher than the State Council's projected 1,300 billion. Inflation will inevitably worsen if fixed-assets investment runs beyond the scale set by macroregulation and control.

According to official announcements, increased bank lending in the first quarter amounted to 35.1 billion yuan and was mainly fueled by increased lending for working capital and fixed-assets investment. Expansion of the credit scale has undoubtedly been one of the causes of deteriorating inflation.

What merits attention is the continued drop in production efficiency among state-owned enterprises in the first quarter of this year. Close to 50 percent of these enterprises are losing money, and they absorbed 15.7 billion yuan of government subsidies. Because these loss-sustaining enterprises will not go bankrupt, all wages, bonuses, and allowances were paid as usual, in effect turning government subsidies to these enterprises into bank loans and bonds, while there was no respite in social consumption power. Such a situation only drives inflation ever higher.

Price deregulation, rising procurement prices for agricultural products, and adjustments in petroleum and coal prices since last year, together with price increases by shops taking advantage of tax reform, are no doubt related to the price hikes. The recent tightening of price management by provinces and cities might cool things down to some extent. However, if we cannot maintain control over the two big valves of fixed-asset investment and the scale of credit, it will continue to be difficult to curb rising prices and the inflationary trend.

Article Calls For Revision of Contract Laws

HK0705070494 Beijing CHINA DAILY in
English 7 May 94 p 4

[By Guan Anping, director of the Beijing-based Anpingcheng Law Firm: "Old Contract Laws Need Repair To Fit Into New Reality"]

[Text] China needs to work out a new set of contract laws compatible with international practice so as to better serve the market economy.

China's contract laws, written during the years of a planned economy, cannot meet the new demands. Under changed realities, many articles contradict each other.

And China has different contract laws for domestic and foreign trades, as well as for different businesses. This no longer complies with the demand of a unified domestic market, which will become an integral part of the world market.

Different economic contract laws for domestic and foreign trades are designed by developing countries to protect their weak industries.

But as China is now preparing to re-enter the General Agreement on Tariffs and Trade (GATT) and to fully participate in international business activities, the dual-standards are apparently out of date and detrimental to the establishment of the market economy.

Overseas investors find these dual-standards increasingly troublesome. When they co-operate with Chinese partners in export and import, they are to abide by a foreign contract law; when they establish joint ventures with Chinese firms, they have to abide by domestic contract law.

This creates much inconvenience for foreigners wishing to trade and invest in China.

The same is true with the technological contract laws.

The overseas technological contract law applies to domestic business people that import overseas technologies and their foreign suppliers, while the domestic technological contract law concerns deals between domestic business people. Due to the inconsistency of the two laws, the role of science and technology in promoting productivity has been limited.

Besides even now China does not have a law stipulating the export of technologies.

Also the contract laws and regulations in various areas—such as civil engineering, property insurance, sales of agricultural and industrial products—have mainly been drafted by different departments who follow significantly different principles. As a result, they can hardly form a coherent system.

In another respect, as the laws tend to deal with principles, they are not easy to be implemented. They need to be more detailed.

The inconsistency and administrative nature of the country's old contract laws will surely reduce the vitality of enterprises and hinder the competition between them.

Contracts play a vital role in the market economy. The allocation of resources, such as commodities services funds human resources and information, are all realized through contracts. Contract laws are fundamental to business dealings.

To ensure the role of contracts in resource allocation and the country's smooth re-entry into GATT, China must work out a new set of contract laws.

To draft the new laws, China should follow the principles of the contract laws of Britain and the United States, the GATT, the UN Convention on Contracts for the International Sale of Goods (1980), the Principle for International Commercial Contracts and other international codes on foreign trade.

Britain and the United States have accumulated rich experience in this field. Also as a commercial language, English and its legal terms have been very popular in the world business community.

If China refers to the contract laws of the two countries, its contract laws will be more detailed and much closer to international standards.

Amended contract laws are likely to be convenient for overseas business people and reduce business disputes.

China should study the demands of the GATT and make the new contract laws comply with the GATT's basic principles of free trade, eliminate trade barriers and improve the protection of intellectual property rights.

China's new set of contract laws can be written into a statute book composed of general principles and specialized contract laws.

The general principles should be based upon the general rule of the civil law, economic contract law and the overseas economic contract law and the above-mentioned foreign contract laws.

The specialized laws should also reflect the spirit of the various foreign laws. For example, the drafting of the new regulations concerning the contract guarantee should refer to the Uniform Rules for Contract Guarantees Publication.

If China can adopt the advanced achievements of other countries in formulating the new set of contract laws and forge a strict logical link between the general rules and the specific articles, its competitiveness in the international market could be strengthened and its legislative level will be greatly upgraded.

Electricity Production Increases as Supply Falls Short

OW0905095894 Beijing XINHUA in English
0752 GMT 9 May 94

[Text] Beijing, May 9 (XINHUA)—China produced 210.9 billion kwh [kilowatt hours] of electricity in the first quarter of this year, about 10 percent more than the same period of last year.

According to the Ministry of the Power Industry, this figure is 24 percent of the planned annual target of 890 billion kwh.

Of the total, 183.4 billion kwh were produced by thermal power plants and 27.5 billion kwh by hydroelectric power stations.

An official from the ministry said eight power grids along the coast produced more electricity than the six others in the interior.

Despite the increase, the power supply is still far short of demand.

By the end of last year China's power generating capacity had reached 181 million kw and another 12 million kw will be added this year.

China plans to add 16 million kw of generating capacity every year from 1995-2000 so as to bring the country's total generating capacity up to some 300 million kw by the turn of the century.

The Ministry of Power Industry expects another ten percent increase in power production in the second quarter.

Production Permit System To Be Applicable to Fewer Products

GW0905071614 Beijing XINHUA Domestic
Service 0015 GMT 12 Apr 94

[By RENMIN RIBAO reporter Zhu Jianhong (2612 0494 5725) and XINHUA reporter Tang Hong (0781 5725)]

[Text] Beijing, 13 Apr (XINHUA)—Since China started the production permit system 10 years ago, the system has fully played its role of ensuring good quality products and helping to implement industrial policies. Li Chuanqing, State Bureau of Technological Supervision director, announced recently: In the future, the production permit system will be applicable to fewer products—only the products which are subject to government policy restrictions—and the number of restricted products will be reduced to around 100 from more than 280 at present.

With the brisk market in China in the early eighties, a large number of poorly equipped, poorly staffed, and poorly managed enterprises emerged in China. Their products were inferior, frequently causing bad accidents.

In April 1984, the State Council promulgated the "Interim Regulations on Production Permits for Industrial Products" which is applicable to important industrial products.

Over last 10 years, the enterprises operating with a production permit have generally raised their awareness of quality, improved basic work, and effectively ensured good quality of their products. According to incomplete statistics, enterprises in Shanghai's electronics industry alone had to invest a total of nearly 10 million yuan in buying production and testing instruments and improving the production environment before they were given a production permit. Better technology remarkably improves the quality of products. For instance, motor-driven threshers and fire extinguishers caused many deaths and injuries before the start of the production permit system, and much less accidents have been caused by them since the start of the system. According to State Bureau of Technological Supervision statistics, the up-to-standard ratio of products subject to the production permit control averaged approximately 50 percent before an enterprise obtained a production permit, and the ratio has increased by 30 percentage points after the enterprise obtained the permit. The production permit system has effectively improved the management of various trades. For instance, the issuance of production permits has enabled the cement industry to know more about its enterprises. While more than 6,000 cement enterprises have obtained production permits, some 1,000 small plants have been eliminated due to poor production conditions. So, the overall technological level of the cement industry has been raised.

While practicing the production permit system, the State Bureau of Technological Supervision and other departments investigate and punish the controlled products produced without a permit, so as to protect the consumers' interests. For instance, disposable syringes are a product concerning human life. More than 2,000 households in a Jinxian County town in Jiangxi Province, were aroused to produce them, and most of them did not have the necessary technology, equipment, or test instruments. Their substandard products caused many bad medical accidents. Working together, the State Bureau of Technological Supervision, the State Pharmaceutical Administration, and departments concerned with Jiangxi Province have destroyed 600 sets of inferior products, closed down more than 300 factories which operated without a permit, and have begun to stop the trend of production without a permit.

XINHUA Carries Transportation News Briefs for 7 May

OW0705012994 Beijing XINHUA in English
0015 GMT 7 May 94

[Text] Beijing, May 7 (XINHUA)—Today's news in brief:

New Air Route

On May 8, China Northern Airlines will open a new air route from Shenyang city, capital of Liaoning Province in northeast China, to Nanning city, capital of Guangxi Zhuang Autonomous Region in southwest China, through Changsha, capital of Hunan Province in central-south China.

The airlines now has opened 121 routes in the country.

Dalian Airlines

Dalian Airlines under China Northern Airlines will soon open its first international route from Beijing to Pyongyang, capital of the Democratic People's Republic of Korea.

Dalian Airlines now has opened more than 20 domestic air routes and each week it has more than 90 flights from Dalian city to 20 other cities, including Beijing, Shanghai and Guangzhou.

New Ports

Shandong Province in east China recently opened two coastal ports, the Longkou fishing port and Yantai aquatic products port.

Up to now Shandong has opened 17 ports in total to foreign countries.

Hubei's Yichang Constructing Three Gorges New District

OW0705033894 Beijing XINHUA in English
0230 GMT 7 May 94

[Text] Yichang, May 7 (XINHUA)—Yichang city in Hubei Province, the work site of the Three Gorges project, has recently completed construction of a 1.4-kilometer tunnel through mountains to link its city proper to a new district.

The district, named Dongshan Development District, is being opened up for domestic and foreign businessmen who will set up supplementary projects for the Three Gorges project.

Occupying 6.1 square kilometers, the district has attracted 148 enterprises including 19 foreign-funded enterprises.

Since 1988 when the construction of the district started, about 522 million yuan of investment has been put into its basic construction.

Now 28 public service projects, including the buildings for the custom office, posts and telecommunications and businessmen's mansion, are being constructed.

With the full-range construction of the Three Gorges project, Yichang city has been listed as an open city along the Chang Jiang river.

Yu Hanhao, director of the administration of the district, said that his district will offer preferential policies to foreign-funded new and high technology industry, financial business, real estate and commercial and cultural services.

Economic News Service for Investors, Researchers Created

HK0805072894 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 8-14 May 94 p 5

[Unattributed report: "A Network for News Is Created"]

[Text] A big consultative service was recently established in Beijing by Chuangshi Economic and Trade Co and more than 30 news organizations to provide regular information on economic developments.

The centre is aimed at promoting the relationship and co-operation between Chinese enterprises and their overseas counterparts.

The Chuangshi Information Network Service Centre will distribute information to its members, who include domestic and foreign enterprises, foreign-invested firms, scientific research institutes and government organizations.

The information covers State policies, market trends, prices, investment opportunities, imports and exports, enterprise management, personnel training, technology development and co-operation, asset appraisal, exhibitions, laws and regulations, and international trade.

The centre will also provide services to overseas investors visiting China. The service includes sending invitations to visitors and help them go through necessary procedures.

Judicial Administrative Work in 1993 Viewed

OW0805143194 Beijing XINHUA Domestic Service in Chinese 0847 GMT 6 Apr 94

[Text] Beijing, 6 Apr (XINHUA)—Our country has made new headway in judicial administrative work. Last year, it achieved new results in improving legal and legal protection services, as well as in serving the needs for deepening reform, opening wider to the outside world, and developing the socialist market economy.

It has been disclosed that by the end of 1993, more than 66,700 people were engaged in law-related work across the nation, up 46.3 percent from 1992. Of these, more than 30,400 were full-time lawyers, a 37.4-percent increase over 1992 which represented the fastest growth since the counsel system was reinstituted in 1980. Law organizations have also proliferated. By the end of 1993, the number of law offices across the country exceeded 5,100, a 22.8-percent increase over 1992 which represented the largest growth in years. Of these, 502 law offices were not covered by state staffing and funding plans, a 150-percent increase over 1992.

Lawyers' workload in providing legal services to clients and in serving as intermediaries in the market also increased significantly in 1993. By the end of 1993, lawyers across the country served as regular legal consultants to more than 185,800 organizations, enterprises, institutions, and citizens, up 22.6 percent from 1992. Lawyers represented their clients in more than 483,300 civil and commercial cases, up 21.9 percent from 1992, and handled more than 18,400 law cases involving foreigners, up 25.2 percent from 1992.

It has been disclosed that new progress was also made in notarial service across the country in 1993. By the end of 1993, the number of notarial offices totaled 3,066 nationwide, 85 more than in 1992. Notarial offices or their representative offices were set up in some bonded zones and economic development zones. There were 167,000 notaries public of all types. Notarial cases of all types concluded throughout the year totaled 7.96 million, 3.42 million of which were related to the economy.

It has been disclosed that prisons and reform-through-labor institutions across the country held more than 1.244 million criminals by the end of 1993. More than 247,000 criminals had their sentences reduced in the same year because they showed concrete signs of repentance and performed meritorious services while serving their terms; more than 33,000 criminals were released on parole and another 34,000 or more were freed on medical parole. In the same year, more than 301,000 people were released upon completing their prison terms.

Forestry Official Announces Desertification Survey

OW0705021294 Beijing XINHUA in English
0141 GMT 7 May 94

[Text] Yinchuan, May 7 (XINHUA)—China has started its two-year-long nationwide survey and supervision of desert lands.

This was released today by officials attending an on-going national desertification meeting in this capital city of northwest China's Ningxia Hui Autonomous Region.

During the past few years, China has made progress in bringing some desert areas under control. However, deserts still keeps expanding, Zhu Guangyao, vice-minister of forestry, said at the meeting.

Zhu attributed the problem to the fact that the state has not gotten hold of the overall situation of the country's desertification conditions and on-going treatment of desert lands.

As a result, the state cannot make corresponding decisions immediately and correctly, the vice-minister said.

He said that this will be the first time for China to conduct such a comprehensive and detailed survey and supervision on the desert areas across the country.

Using scientific analysis, experts will first ascertain the shrinking and expanding situations of deserts comprehensively, correctly and immediately.

The campaign will be carried out in all the mainland's 30 provinces, municipalities and autonomous regions, including 680 counties and 7,630 townships in total.

Charts and data will be made at the levels of townships, counties and provinces to illustrate the contemporary desertification conditions.

The central government has put much emphasis on the survey and supervision of desert lands ever since 1990 when China began preparatory and pilot work in desert treatment, the vice-minister said.

'Clean Drinking Water' Goal of Accelerate Water Projects

HK0905050094 Beijing CHINA DAILY in English 9 May 94 p 1

[By Liang Chao: "State To Focus on Rural Water Projects"]

[Text] The government will accelerate efforts to ensure clean drinking water in rural areas, a State official said yesterday.

Better water should improve health standards and boost economic development, experts say.

Zhou Wenzhi, Vice-Minister of Water Resources, said 300 million yuan (\$34.5 million) has been invested this year in water works projects, aiding 200 million people in 40,000 rural townships nationwide.

And the amount of money, including 200 million yuan (\$23 million) in bank credits and 100 million yuan (\$11.5 million) in subsidized loans, will increase, he said.

In the next few years, special funds are to be earmarked for large scale water projects and overseas investment is to be sought.

The move is needed to meet the needs of growing townships.

Over the years the number of farmer-run rural enterprises has skyrocketed, attracting millions of surplus labour [as published] and causing such problems as air and water pollution.

It is estimated the population in such towns will reach 250 to 300 million by the end of the century.

The ministry has completed more than 7,000 water supply projects in the last few years, improving the quality of life for more than 15 million people and accelerating economic growth in rural areas, Zhou said.

Projects this year, an expert said, will provide one ton of clean running water per month to farmers in areas with polluted water supply. [sentence as published]

This is vital because polluted water has been directly linked to poor health standards and slow economic development.

According to Zhou, many young people from the countryside fail military checkups due to having drunk polluted water.

"It is of vital importance to the government's efforts to improve the health of the Chinese people," he said.

Over 200 million of China's 900 million people in rural areas live in more than 2,000 counties and 40,000 townships.

But only a minority have access to running water. Many must fetch water from nearby rivers, small reservoirs, ponds and wells.

Nevertheless, these townships have developed into economic, political and cultural centres since China's reforms began in the late 1970s.

Official statistics show the gross value of industrial output in rural township enterprises hit a record 1.3 trillion yuan (\$150 billion) in 1992, a third of the country's total.

And the figure has increased 30 times the amount in 1978, Zhou said.

With such continual development, more water supply projects for rural residents are needed, Zhou said.

East Region

Report Views Jiangsu's Use of World Bank Loans

OW0805132494 Beijing XINHUA in English
1307 GMT 8 May 94

[Text] Nanjing, May 8 (XINHUA)—East China's Jiangsu Province has used more than 1.5 billion U.S. dollars from the World Bank since the country resumed its legal seat in the bank in 1980.

The majority of the loans from the World Bank went to powering the province's economic growth in sectors including agriculture, industry, transport, energy and education.

The province now has over 20 such projects funded by the World Bank, which have been completed or are under construction.

Of more than one billion yuan of the total investment the province put into water control projects, over 100 million U.S. dollars—or 870 million yuan worth—came from the World Bank.

So far, a group of water conservation projects has gone into operation and brought about good economic returns for the local people.

Construction of another giant irrigation project backed by the World Bank is also well on its way. When completed in 1996, it will benefit nearly four cities and 24 counties in the province, with an increase in grain output estimated at one million tons yearly.

In an effort to use the waste land and waters along the coastline, several aquatic breeding zones with high production of shrimp and prawns have been built with loans from the World Bank.

To support the nationwide "spark plan" launched in 1991, the province used 65 million U.S. dollars in loans to bolster the technological development of its township enterprises, collectively-owned firms and other economic group companies.

To date, 47 projects in this sector have been authorized by the World Bank, an increase in annual output value expected to reach 2.5 billion yuan.

The World Bank also financed the construction of the province's infrastructural projects. A highway expansion project leading from the provincial capital Nanjing to Shanghai opened to traffic ahead of schedule thanks to timely funds provided by the World Bank.

To ease the transport "bottleneck", loans from the World Bank were also used to tackle the "Grand Canal" in southern Jiangsu to make it more navigable. Several bridges and ship lock projects have already been completed and put into use.

Jiangsu Makes Progress in Protecting Patent Rights

OW0605071194 Beijing XINHUA in English
0648 GMT 6 May 94

[Text] Nanjing, May 6 (XINHUA)—A publicity drive in China's economically advanced province of Jiangsu has helped enhance local people's sense of protecting patent rights.

An official of the provincial patent administration said the number of people who applied for patent rights has increased at an average of 20 percent a year over the past decade.

To ensure the healthy development of patent application and protection, Jiangsu has worked out more than 20 local regulations and rules on patent rights.

In addition, it has carried out patent implementation in 793 enterprises on a trial basis and set up a specialized research institute.

The official noted that the administration had received 21,918 patent applications by the end of last year, and approved 11,456.

Jiangxi Coal Mine Explosion Kills 38

HK0805061294 Hong Kong AFP in English 0536
GMT 8 May 94

[Text] Beijing, May 8 (AFP)—An explosion at a coal mine in southeastern China has claimed 38 lives, marking the gravest accident so far in what is fast becoming the worst safety year on record for China's coal industry, the Legal Daily said Sunday.

The accident occurred May 1, when a gas explosion ripped through a mine in Jiangxi province, killing 38 miners instantly, the newspaper said, adding that initial investigations had attributed the disaster to poor management and sub-standard safety procedures.

Following the blast, the Ministry of Coal convened an emergency meeting May 5 to discuss the recent series of disasters that has afflicted the industry and issued an urgent call for stricter adherence to safety regulations.

A total of 724 miners have died in accidents in the first three months of this year alone, compared with 1,058 for the whole of 1993.

Following an emergency meeting of labour and coal officials in February, nearly 2,000 mines in the northeastern province of Heilongjiang were closed to allow for the upgrading of safety equipment and the replacement of inadequately trained safety staff.

A recent government circular accused local authorities of being soft on officials found responsible for mining accidents. Failure to give "harsh and timely" punishments was one of the main reasons for the alarming rise in the number of deaths and injuries, the circular said.

Shandong Secretary on Invigorating Large Enterprises

SK0705060094 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 6 May 94

[Text] Jiang Chunyun, secretary of the provincial party committee, convened a forum in Jinan on 5 May with the participation of factory directors and managers of 12 enterprises from across the province to commonly discuss how to successfully invigorate large and medium-sized, state-owned enterprises.

Jiang Chunyun stressed: All levels of party committees and governments should truly pay attention to invigorating large and medium-sized state-owned enterprises by putting the endeavor in this regard in an even more important and conspicuous position. Such enterprises should depend on in-depth reform and greater vitality to forge ahead continuously with a view to again creating brilliant achievements.

Recently, Jiang Chunyun has convened forums one after another on the issue of invigorating large and medium-sized state-owned enterprises and has gone deep into enterprises to conduct investigations many times. The 5-May forum was held amid a warm atmosphere. At that forum, factory directors and managers of 12 enterprises introduced their experiences and methods and offered some good opinions and suggestions for successfully running large and medium-sized state-owned enterprises.

At that forum, Jiang Chunyun pointed out: For a long time, our large and medium-sized state-owned enterprises have made tremendous contributions to developing the province's national economy and have vigorously supported the progress of reform and opening up as well as the modernization drive, thus becoming a major and key force on which the province has depended to maintain stability and promote development. In establishing the socialist market economic structure, the foundation lies in the modern enterprise system with public ownership as the mainstay. In developing the socialist market economy, the main force lies in large and medium-sized state-owned enterprises. The success in invigorating large and medium-sized state-owned enterprises has a bearing on the overall situation of the entire party and the whole country and on the superiority of the socialist system where public ownership is the mainstay, thus is very important both in the economy and politics. Leaders at all levels must list the endeavor of invigorating large and medium-sized state-owned enterprises as a major item on their daily agenda and actually pay attention to this work until results are achieved.

Jiang Chunyun pointed out: The current situation in the province's large and medium-sized state-owned enterprises can be summarized as follows: Achievements are great, problems are numerous, and the future is bright. At present, the state is adopting a series of measures to

invigorate large and medium-sized state-owned enterprises, and such enterprises themselves also have the superiority of being furnished with good technological equipment and high-quality cadres, staff, and workers. Therefore, we should not only face up to unfavorable factors but also catch sight of favorable factors and conditions, enhance confidence, and carry forward the spirit of advancing despite difficulties in an effort to walk out of the plight as quickly as possible.

Jiang Chunyun stressed: The fundamental way to invigorate large and medium-sized state-owned enterprises lies in the efforts to further deepen enterprise reform, accelerate the establishment of the modern enterprise system, and change from the planned economic structure to the socialist market economic structure.

Jiang Chunyun pointed out: To invigorate large and medium-sized state-owned enterprises, we should pay attention to renewing and upgrading their products, increasing the content of science and technology of products, and enhancing the competitiveness of their products on markets. In addition, we should pay attention to following the road of integration to develop a number of transregional and transprofessional large enterprise groups, with large and medium-sized state-owned enterprises as the mainstay, and with integrated property rights as the main link. We should pay attention to improving management, enhancing internal skills, tapping our potentials, and foster the idea of quality first, beneficial results first, and efficiency first. We should also pay attention to building the ranks of workers and wholeheartedly depend on the working class.

Poll Finds Qingdao Residents 'Satisfied' With Reforms

OW0705100094 Beijing XINHUA in English 0752 GMT 7 May 94

[Text] Beijing, May 7 (XINHUA)—A recent opinion poll shows that most Chinese urban residents are satisfied with the country's current political, economic and cultural conditions.

The results of the opinion poll, which were released here today, also show that most city people agree that "building a socialist market economy has brought benefits to the Chinese people".

The poll was conducted by the research institute of public opinion of Beijing's People's University last December among 1,200 families in Qingdao, a coastal city in east China's Shandong Province.

Among the 2,795 people who answered the questionnaires, 75 percent said that their diet had "improved" or "improved obviously"; 71 percent said their clothing and daily necessities had improved.

Some 89.9 percent said they were "satisfied" or "rather satisfied" with market supplies; 60.9 percent said the

same thing about their recreational life; 61 percent were happy with middle and primary school education; 50.5 percent were pleased with the public health situation; and 76.5 percent were satisfied with the state of power and water supplies.

About the current political, economic and cultural conditions, 84.2 percent agreed that "the socialist market economy has instilled vitality into society and brought benefits to the people".

Some 86.4 percent said they were "full of confidence about the country's reform and opening to the outside world".

The poll also indicates that many urban residents are not satisfied with housing, prices, services, product quality and urban transportation.

A total of 51.2 percent said they were "dissatisfied" or "rather dissatisfied" with their housing conditions; 62.4 percent said the same about the current level of prices; 64.4 percent were not satisfied with product quality; 51.4 percent expressed dissatisfaction with services; and 55.3 percent were unhappy with urban transportation:

The people who answered the questionnaires included Army officers, retired people, factory workers, private businessmen, government officials, university and middle school students and housewives.

Looking ahead to the next five years, 71.7 percent said that they were "optimistic" or "rather optimistic" about the improvement of their diet; 47.8 percent were "optimistic" or "rather optimistic" about improvements in housing.

The poll also shows that 61.6 percent of Chinese people have become tolerant about the widening gap between the poor and the rich.

Some 69.7 percent said that they no longer have to behave "very carefully" when they want to change their way of life.

Jiang Zemin Inspects Shanghai 26 Apr-6 May

*OW0805135194 Beijing XINHUA Domestic
Service in Chinese 0849 GMT 6 May 94*

[By reporter Chen Maodi (7115 3029 1717)]

[Text] Shanghai, 6 May (XINHUA)—Jiang Zemin, general secretary of the CPC Central Committee, president of China, and chairman of the Central Military Commission, inspected work in Shanghai from 26 April to 6 May. He went deep to grass-roots units to conduct investigations and studies on issues concerning reform, opening up, economic development, and social stability, and to seek opinions on a wide range of issues from people from various sectors.

Accompanied by Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the

Shanghai Municipal CPC Committee; and Shanghai Mayor Huang Ju, Jiang Zemin inspected some large and medium state-owned enterprises and met with some enterprises' factory managers (managers) to discuss issues concerning establishing a modern enterprise system on a trial basis. Jiang Zemin stressed large and medium state-owned enterprises' important position and role in building and developing a socialist market economy, pointing out that the underlying way to improve large and medium state-owned enterprises is to further deepen reform, transform enterprises' operating mechanisms, and build a modern enterprise system. He said that Shanghai was in a good position to establish a modern enterprise system on a trial basis. He urged the Shanghai Municipal CPC Committee and government to continue to create a good environment and conditions for enterprise reform, and to make positive efforts to study ways to transform government functions, improve the management of state assets, improve enterprises' internal management, build a social insurance system, refine the market system, and reduce enterprises' excessive burden so that work on establishing a modern enterprise system on a trial basis can be carried out in an organized and systematic manner.

At a meeting with leading cadres of some districts, counties, bureaus, and enterprises of Shanghai to discuss issues on strengthening party building, Jiang Zemin said that we should pay great attention to strengthening party building and improving the party's leadership throughout the process of reform, opening up, and modernization. He urged party committees at all levels to earnestly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and to further ensure that this fundamental ideological work is carried out properly. He said: We should uphold and refine the party's system of democratic centralism, pay attention to selecting and educating young cadres, reinforce and improve the building of grass-roots party organizations, and increase the party's rallying power and combat capabilities. To suit the new situation of developing a socialist market economy, we should forcefully promote socialist spiritual civilization, raise the people's overall educational level, and advance development in all social sectors.

During his stay in Shanghai, Jiang Zemin also heard reports by concerned departments on local economic construction, the state of reform and opening up, development in Pudong, Shanghai's urban construction, the "vegetable basket" project, party building, and the promotion of spiritual civilization. He fully affirmed the Shanghai Municipal CPC Committee and government's achievements in resolutely complying with the nation's general work demand for this year and in carrying out the principle on economic work which were set forth by the central authorities; in properly handling the relationships between reform, development, and maintaining stability; and in maintaining the good development trend of reform, opening up, and economic construction. He said: The party Central Committee and State Council's policy on developing and opening up Pudong is

firmly established and will not change. Developing and opening up Pudong not only affects Shanghai's development but also is an important symbol of China's reform and opening up. The development and opening up of Pudong over the last four years has forcefully boosted Shanghai's economic construction and has served as a locomotive in developing the economy of the entire Chang Jiang Valley. Practice shows that the central authorities' decision to develop and open up Pudong is completely correct. We must follow Comrade Deng Xiaoping's instruction that "We should ensure Pudong's development; we must not waver and must see to it that the work is completed," and ensure that this transcending century great project is properly carried out. Jiang Zemin expressed his hope that the comrades in Shanghai will persist in emancipating their minds and in seeking truth from facts, and, in light of the new situation concerning reform, development, and social stability, that they will maintain and develop the good situation and do their work in all areas even better.

Those accompanying General Secretary Jiang Zemin during his inspection tour included Zeng Qinghong, director of the General Office of the CPC Central Committee.

Shanghai To Consider 'Unprecedented' Number of Laws

*OW0905080694 Shanghai People's Radio
Network in Mandarin 2300 GMT 20 Apr 94*

[From the "Morning News" program]

[Text] The Eighth Session of the 10th Shanghai Municipal People's Congress Standing Committee ended on 20 April. The session adopted a gist of the work for 1994. According to the gist, the municipal people's congress standing committee this year will examine and discuss the municipal plan for accelerating the urban housing system's reform, the plan for reforming medical care for workers and staff members, and the plan for the state organs' structural reform. According to the gist, efforts will be made this year to inspect the implementation of the Enterprise Law, the Regulations on Transforming the Operational Mechanisms of State-Owned Industrial Enterprises, the Environmental Protection Law, and other laws and regulations.

It is reported that the municipal people's congress standing committee will formulate and amend 22 local laws and regulations this year. The large number of laws and regulations to be formulated and amended this year is unprecedented in Shanghai.

Murderers, Robbers Executed in Shanghai

*OW0705052894 Shanghai People's Radio
Network in Mandarin 2300 GMT 5 May 94*

[From the "Morning News" program]

[Text] Shanghai Intermediate People's Court severely punished a number of violent murderers and robbers yesterday [5 May]. According to a Municipal Higher People's Court execution order, Yang Guozhu and other criminals charged with intentional murder, robbery, and theft were escorted to an execution ground for shooting. Three defendants—Yu Yutai, Liu Qingwei, and Yang Yanming—charged with intentional murder and robbery were sentenced to death in the first instance. These criminals, who were severely punished according to law, committed brutal crimes and were guilty of the most heinous crimes.

Direct Foreign Investment in Shanghai Increasing

*OW0905095794 Beijing XINHUA in English
0826 GMT 9 May 94*

[Text] Shanghai, May 9 (XINHUA)—Foreign direct investment continued to increase in this largest economic and financial center of Shanghai in the first four months of this year following the record year of 1993.

According to the latest statistics provided by the municipal commission of foreign trade and economic cooperation, Shanghai concluded 1,256 agreements on foreign investment projects in the first four months of this year, three less than in the same period of last year. The projects involved a sum of 2.89 billion U.S. dollars, up five percent.

1993 was a record year for Shanghai when it approved 3,650 foreign investment projects, involving a total of 7 billion U.S. dollars.

The fresh wave of foreign direct investment was marked by more industrial projects and the involvement of more transnational corporations, according to an official from the municipal commission of foreign trade and economic cooperation.

During this period, the municipality approved 938 industrial projects, with a total contractual investment of 1.2 billion U.S. dollars, following by property and public utilities projects.

Of these projects, 16 were financed by 12 transnational corporations. This has brought the total number of transnational corporations investing in Shanghai up to 130.

Hong Kong still remains the biggest source of direct investment in Shanghai, with a record 1.88 billion U.S. dollars in the first four months of this year. It is followed by the United States and Japan, with 180 million U.S. dollars each, Taiwan, with a total of 170 million U.S. dollars and Singapore, 120 million U.S. dollars.

Shanghai's Pillar Industries Growing

OW0905093294 Beijing XINHUA in English
0831 GMT 9 May 94

[Text] Shanghai, May 9 (XINHUA)—China's leading industrial center has made progress in industrial technology.

A municipal official in charge of industry said that Shanghai's pillar industries are burgeoning.

The city recorded a motor vehicle sales volume of 30.6 billion yuan-worth last year, and its telecommunications services generated 1.667 billion yuan in profits and taxes.

Last year Shanghai produced power station equipment totalling three million kw.

While developing new- and high-tech products, enterprises speeded up the pace of their technical transformation.

A survey shows that the investment in this field last year was 73 percent more than in the previous year.

The upgraded projects generated an additional of 585 million yuan in output value and 100 million yuan in profits and taxes and helped save foreign exchange worth 6.65 million U.S. dollars.

Li Zemin Addresses Zhejiang Rural Conference

OW0905042294 Hangzhou Zhejiang People's
Radio Network in Mandarin 1000 GMT 9 Apr 94

[Station report from the "Provincial News Hookup" program]

[Excerpts] To implement the guidelines of the central rural work conference, take even better charge of spring farming, and ensure proper plantation of sufficient early rice, the provincial party committee and government held another teleconference this afternoon.

Provincial party committee Secretary Li Zemin delivered an important speech at the meeting. He said: The party Central Committee recently issued a series of instructions concerning the overall situation in safeguarding reform and furthering stability. The provincial party committee standing committee and secretaries earnestly studied the instructions during their administrative meetings. Today's teleconference on early rice production is a major step in implementing the party Central Committee's instructions. All party committees and governments at or above the county level across the province should earnestly study General Secretary Jiang Zemin and Premier Li Peng's important speeches at the central rural work conference and, in connection with local realities, put forward ideas for implementing their instructions in this year's rural work, which includes stabilizing grain production and promoting all-around development of the rural economy.

At the teleconference, provincial party committee Deputy Secretary and Executive Vice Governor Chai Songyue analyzed the current situation in preparing for and carrying out spring farming across the province, and gave important instructions on properly planting sufficient early rice by every possible means and on strengthening leadership over early rice production. He said: There are three particular problems in the current spring-farming preparations and production: 1. There remains a certain disparity between grain production and fulfillment of the procurement task; 2. the price of goods, materials, and electricity for agricultural use have risen too sharply; 3. too much land has been requisitioned for development and industrial zones which actually make use of only a small portion. There are many instances where land is fenced up with no actual construction being carried out. [passage omitted]

To mobilize the peasants' enthusiasm in grain farming, on behalf of the provincial party committee and government Chai Songyue reiterated three policies on grain production and marketing: 1. To guarantee procurement. Grain departments should procure in an open manner all early paddy handed in by the peasants regardless of whether or not it is covered by a procurement contract and whether or not it is new harvest; that is to say, they must not refuse the grain or impose a procurement limit. 2. To guarantee preset prices. They should, under all circumstances, firmly and fully honor early paddy procurement prices and extra-price policy already announced by the provincial government. 3. To guarantee the non-issue of IOU notes. In procuring grain, grain departments should manage to pay cash at the time they procure the grain. It is also necessary to ensure the honoring of all supportive policies formulated by individual localities. Various localities and departments must resolutely implement these policies and should never break their promise and hurt the peasants' enthusiasm. [passage omitted]

Li Zemin Commends Zhejiang's Model Liu Lingying

OW0905053094 Hangzhou Zhejiang People's
Radio Network in Mandarin 1000 GMT 11 Apr 94

[From the "Provincial News Hookup" program]

[Excerpts] The Zhejiang Provincial CPC Committee today called a meeting to learn from Comrade Liu Lingying. Liu Feng, deputy secretary of the provincial party, chaired the meeting, at which Deputy Secretary Lu Zhangong of the provincial party committee read out a decision by the committee to carry out activities in learning from Comrade Liu Lingying.

On behalf of the Zhejiang Provincial CPC Committee, Secretary of the provincial party committee Li Zemin presented Liu Lingying with a horizontal board on which the following words are inscribed: Dedicated to her work, selfless and dauntless.

In his important speech at the meeting, Comrade Li Zemin highly praised Comrade Liu Lingying's deeds, saying: Comrade Liu Lingying is an outstanding representative of our province's many advanced people and model workers in the new period; a fine daughter of the party and people; and an example for the people of the province to learn from.

Comrade Li Zemin stressed: In learning from Comrade Liu Lingying's advanced deeds and ideas, first, we should learn from her in putting the interests of the state and people above everything else, and in creating an atmosphere in which everyone should subordinate their own interests to those of the whole and protect and contribute to the latter. Second, we should learn from her in being highly responsible for her work, being willing to work at an ordinary post, being selfless and dedicated to her work, being cautious and conscientious, and working hard in a down-to-earth manner. Third, we should learn from Comrade Liu in having firm faith in socialism and a lofty outlook on life. Fourth, we should learn from Comrade Liu Lingying in being ready to take up the cudgel for a just cause, being selfless and dauntless, and daring to firmly fight against a criminal. Fifth, we should learn from Comrade Liu Lingying in always upholding principles, handling matters impartially, being content with a plain or even poor life, being scrupulous in separating public from private interest, and never abusing her power to seek personal gain. Her ideas, values, moral character, and work style are good, indeed. [passage omitted]

Prior to the meeting, Li Zemin, Liu Feng, Chai Songyue, Lu Zhangong, Liang Pingbo, Chen Yuexing, and other leaders of the provincial party and government organizations met cordially with Liu Lingying and her husband. They also asked with concern about her recovery and living conditions. [passage omitted]

Zhejiang Takes Measures To Improve Public Security

OW0705094194 Shanghai People's Radio Network in Mandarin 2300 GMT 3 May 94

[By special correspondent Zhang Dai; from the "Morning News" program]

[Text] Zhejiang's Chunan county [where the Qiandao Hu Boat tragedy occurred] has taken comprehensive measures to further rectify public security, transportation, and tourism order.

Key measures taken to improve tourism include setting up communication facilities and fire fighting equipment, as well as deploying public security personnel in all tourist attractions.

For those tourist attractions that are not qualified for the abovementioned conditions and not approved by the tourism authorities must stop accepting tourists. Tourism personnel shall be trained in turn in two groups. They must pass an examination and have a license

before performing their duty. Guesthouses without a special license are not allowed to accommodate nonresident tourists.

Central-South Region

Guangdong's Xie Fei Departs for Germany, Denmark

OW0805120994 Beijing XINHUA in English 1133 GMT 8 May 94

[Text] Guangzhou, May 8 (XINHUA)—An economic inspection delegation from south China's Guangdong Province headed by Xie Fei, member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee and secretary of the CPC Guangdong Provincial Committee, left here today for a visit to Germany and Denmark.

During the visit, Xie and his party will acquaint them with economy, science and technology and education in Germany and agriculture in Denmark, as well as make negotiations with the German side to introduce investment and technology for the province.

Guangdong, Macao Increase Economic Cooperation

OW0705115294 Beijing XINHUA in English 1109 GMT 7 May 94

[Text] Macao, May 7 (XINHUA)—The economic and trade cooperation between Guangdong Province, south China, and Macao has developed smoothly and steadily in tandem with the rapid economic development in the two places in recent years.

Guangdong, one of the economic giants of China, has reported year-on-year increase in absorbing foreign investments, which reached 9.65 billion U.S. dollars in 1993, with a large part coming from Hong Kong and Macao.

Statistics show that Macao's investment in China's mainland totalled 4.3 billion U.S. dollars and Macao-funded enterprises reached 2,300, most of them are located in Guangdong Province, especially the Pearl River Delta area.

As of the first quarter of 1994, Macao businessmen have set up more than 780 joint or solely-funded firms in the neighboring Zhuhai special economic zone. These firms are mainly involved in textile, electronics, medicines, food production, cloth-making and real estate industry.

Meanwhile, there are also a great number of enterprises from Guangdong which have invested in Macao to set up enterprises, contract projects, run real estate or export and import businesses. Their total investment in Macao stands at about 1.5 billion U.S. dollars.

Moreover, trade between Macao and Guangdong has also developed rapidly in recent years. In 1982, some 40

percent of Macao's exports to China's mainland went to Guangdong Province, while the figure increased to 80 percent in 1992. Additionally, some 40 percent of Macao's imports from China's mainland came from Guangdong.

Guangdong Passes Law on Forest Regulation

OW0805133994 Beijing XINHUA in English
1259 GMT 8 May 94

[Text] Guangzhou, May 8 (XINHUA)—South China's Guangdong Province recently passed a new forest law, which is to come into effect soon.

The forest protection and management regulations, a revision of 1987 regulations, divides Guangdong's forests into ecological and public forests and commercial forests, to which different rules will apply.

The ecological and public forests include those for wind shelter, water and soil conservation, recreation and sightseeing, and protection of plants and animals.

This area of forest land must account for no less than 30 percent of the total forest area and will be maintained under the government budget. It will be free from commercial felling, the new law reads.

Forest resources, including timber, fuel and economic forests, fall under the category of commercial forests.

According to the new regulations, the felling of commercial trees will be controlled by quotas and a licensing system. Commercial forests could be subject to rent, transfer and mortgage.

The new law encourages the development of forests through means other than governmental investment, such as the use of overseas funds or stock companies.

The publishing of the new law was preceded by the province's announcement last year that its forest coverage had reached 53.7 percent.

Forest officials said the new law is aimed at consolidating and expanding the province's achievement in afforestation, and establishing a new forest management system that fits with a market economy.

The new law stipulates that the province will keep its forest coverage above 50 percent and that all cities and towns allow for 30 percent of urban areas to remain green land.

The new law also contains detailed articles on punishment for offenses.

Shenzhen Secretary Vows To Tighten Ideological Control

HK0705070194 Hong Kong SOUTH CHINA
MORNING POST in English 7 May 94 p 8

[By Chris Yeung]

[Text] Shenzhen, China's most economically dynamic city, has vowed to tighten ideological control in its bold drive to catch up with the "little dragons" in the regions. Plans for the strengthening of ideological work were laid down by its municipal Communist Party Secretary Li Youwei in a speech delivered at a municipal work conference last week.

According to his speech published by Shenzhen's official media, Mr. Li said ideological work in the border city could only be boosted—not weakened—in the course of seeking economic prosperity. He hinted that the closeness of Shenzhen to Hong Kong made it more vulnerable to bad influences.

"We should have a sober mind to see that thoughts of money-worshipping, hedonism and extreme individualism have been prevalent among some people," said Mr. Li. This, he said, had given rise to malpractices including trading power for gains.

He pointed to the grassroots sector of villages and townships, where political indoctrination was weak and lax.

Mr. Li also accused some cadres of paying lip-service to ideological work, and others of downgrading its significance. "We must grasp with both hands our economic construction and ideological work," he said.

Mr. Li called on party cells at all levels to take the lead in learning Deng Xiaoping's thoughts on socialism. They should take forceful measures to enhance the ideological education and quality of the 93,000-strong party members in the city he said in a Shenzhen Special Zone Daily report.

Government cadres above the division level should return to party school in the next two years to be educated on the socialist dogmas, said Mr. Li. He singled out management cadres in enterprises as important targets.

"They should consciously resist the infiltration of thoughts of 'money goes first' and decadent lifestyles.... They should handle well the proper relationship between public interest and individual interest," he said.

Mr. Li urged cadres to widen their prospective and abandoned outdated thoughts. He admitted reforms had hit a snag where cadres considered their own interests first, and warned this would "obstruct or delay" reform.

Mr. Li said propaganda officials should constantly spot problems facing the people and take prompt measures to deal with disputes.

Shenzhen Seeks Improved City Planning

HK0905030994 Hong Kong SOUTH CHINA
MORNING POST in English 9 May 94 p 10

[By Chris Yeung]

[Text] Tarnished by planning chaos, Shenzhen has vowed to improve long-term city planning and turn the border city into a regional "cosmopolis". Shenzhen's Communist Party chief, Li Youwei said planning should have the aim of turning the city into a metropolis. "We have to take into account the convergence of the city with the neighbouring regions," he said. He was addressing a municipal conference on city planning and management last week.

Mr Li said the Shenzhen planned to increase ties with Hong Kong to help elevate it into another "little dragon" in the Asia-Pacific region. However, the lack of planning and supervision over city management in the 16-year-old Special Economic Zone had resulted in chronic problems such as industrial hazards and backward infrastructure facilities. According to the SHENZHEN SPECIAL ZONE DAILY, Mr Li urged municipal officials to try to "converge with Hong Kong and adopt international practices" when mapping out the city plans and management regulations. He said: "We should establish a new city concept under which the economies of Shenzhen and Hong Kong will be integrated." Mr Li, also the municipal Mayor, said the Special Economic Zone should be integrated also with the Pearl River Delta region. He called for innovative thought in planning developments, and successful experience to be borrowed from the mainland and abroad.

Mr Li said the "authority" of city planning should be upheld, saying the city would oppose sternly any "anarchism and separatism" and violations of laws. Any violators of laws must be severely dealt with, he said. To strengthen leadership in city planning, regulations should establish the task of planning, construction and supervision in development.

Vice-mayor Li Chuan-fang called for infrastructure planning and relevant reforms to be speeded up to help the social and economic development of the country. He said also municipal authorities would clamp down on malpractice such as unlawful occupation of land and change of land use.

According to the China News Service, the Shenzhen authorities will adopt a series of measures to improve traffic problems. Traffic lights at 118 road junctions will be automated and traffic flow at major roads and the first and second borders of the city will be monitored by closed-circuit television, the report said. New buildings must have their own car parks, and vehicle buyers will be required to produce proof of purchase of a parking lot. Vehicles from outside the city which will be used in the region for more than three months will have to be licensed. Mini-bus numbers will be curbed, and mass-transport facilities, such as buses, will be given priority on roads, it said.

Hubei To Assist Dongfeng Automobile Company

OW0705080594 Beijing XINHUA in English
0650 GMT 7 May 94

[Text] Wuhan, May 7 (XINHUA)—The Hubei Provincial Government has decided to do everything within its power to assist the Dongfeng Automobile Company in becoming an auto giant capable of building one million units annually.

The company, based in Shiyan in northwestern Hubei, is one of the three car manufacturers designated by the Chinese Government.

A provincial government official said that the company plans to build 800,600 motor vehicles a year by the year 2000, including 360,000 passenger cars.

Its annual production will rise to 1.16 million units by 2005, including 620,000 cars, the official said.

He said he believed that the implementation of the company's development plan would enable Hubei's economy to take off.

A committee for invigorating Hubei's automobile industry has been set up, with provincial Governor Jia Zhijie serving as its head, he said.

It will mobilize local governments and departments to aid the company in carrying out its development plan.

To this end, the provincial planning commission has decided to gear the company's production plan with the plan for the growth of Hubei's economy as a whole, he said.

Relevant provincial departments have been requested to include production of metals, machinery, electronic products, rubber, engineering plastics, textiles, glass and other auto-related goods into their long-term production plans, he added.

In addition, provincial departments in charge of environmental protection, taxation, land administration, urban construction and transportation have been mandated to formulate preferential policies in support of the company in implementing its production plan.

Local manufacturers are being encouraged to co-operate with the company, he said, adding that the company can become a principal shareholder in these manufacturers.

To meet its production target for the year 2000 the company will require 34 billion yuan in investment, the official said.

The provincial financial department has decided to allocate one billion yuan in bank loans annually over the next five years to help local manufacturers modernize the production of auto parts and accessories, he said, adding that banks will increase loans to the company.

Moreover, businesses manufacturing auto parts for the company will issue shares in China in a move to raise money, he said.

Economists in Hubei agreed that government backing is essential for the takeoff of the automobile industry, as shown in Germany, Japan and the Republic of Korea.

Hubei has good conditions for expanding the auto industry, with a whole range of well-developed related industries, such as metallurgy, chemicals, rubber, plastics and electric power, one economist noted.

Southwest Region

Guizhou Rain, Hailstorms Kill 23, Injure 294

OW0705073094 Beijing XINHUA in English
0650 GMT 7 May 94

[Text] Guiyang, May 7 (XINHUA)—Twenty-three persons have been killed and 294 others injured since southwest China's Guizhou Province was hit by torrential rain and hail storms in April, according to the provincial government.

An official of the provincial civil affairs department said that the disasters have affected nearly 1.3 million people in 1,797 villages in 25 counties and cities.

He said that nearly 200,000 houses have been damaged and 168,700 ha [hectares] of crops affected.

He put the total loss at 345 million yuan.

Hail storms struck Meitan and Fenggang Counties in northwestern Guizhou Province on April 7 and 8, he said, adding that 200 mm of rain fell in Meitan within three hours.

Similar storms hit 21 counties and cities during the period April 19-21, he said.

Consequently, damage in six counties and cities in northwestern Guizhou amounted to 121 million yuan, he added.

To date, local governments have allocated 20 million yuan in relief funds, he said.

Government officials have been helping victims restore production and rebuild their homes, he said.

He also revealed that drought has been affecting the northeastern and southwestern Guizhou Province since the beginning of this year.

There has been no rainfall in eight counties in southwestern Guizhou since winter.

Tibet People's Congress Session To Open 15 May

OW0805083394 Lhasa Tibet People's Radio
Network in Mandarin 1400 GMT 5 May 94

[From the "News" program]

[Text] The following is the decision adopted by the People's Congress Standing Committee of the Tibet Autonomous Region on convening the second session of the sixth regional people's congress, at the ninth meeting of the sixth regional people's congress Standing Committee on 5 May 1994:

The ninth meeting of the sixth regional people's congress standing committee decided that the second session of the sixth regional people's congress will be held on 15 May 1994 in Lhasa.

Tibet's Basang Receives Nepalese Senator

OW0905092994 Lhasa XIZANG RIBAO in
Chinese 28 Apr 94 p 1

[Unattributed report: "Basang Meets Nepalese Guests"]

[Text] Basang, deputy secretary of the Tibet Autonomous Regional CPC Committee and vice chairman of the regional committee of the Chinese People's Political Consultative Conference, cordially met in Lhasa with visiting Nepalese Senator (Bandi) and his wife yesterday evening.

Basang said: China and Nepal are close neighbors linked by mountains and rivers. Friendly exchanges between the two countries and friendship between the two peoples date back to ancient times. In recent years in particular, the increase in mutual visits by high-ranking leaders of our two countries has promoted understanding and friendship between the peoples of our two countries and has strengthened bilateral friendly cooperation. Basang said: The Tibet Autonomous Region and Nepal have scored marked achievements in exchanges and cooperation in the fields of economy, trade, transportation, and culture. There are broad prospects for cooperation in the future.

Appreciating Basang's remarks, Senator (Bandi) expressed the hope that economic and trade cooperation between Nepal and the Tibet Autonomous Region will continue to expand.

(Bandi) and his wife arrived in Lhasa for a visit on 26 April. This is his fifth visit to China.

During their stay in Lhasa, the guests have visited the Potala Palace, the Jokhang Temple, Bargar Street, and other places of historic interest and scenic beauty. (Bandi) and his wife will leave Lhasa for Beijing on 28 April.

Present during the meeting were Ma Guanghua, secretary general of the regional people's congress; Chen Bing,

deputy director of the regional foreign affairs office; and (Adigali), acting consul general of the Nepalese Consulate General in Lhasa.

Tibet Adopts Rules on Foreigners' Mountaineering

*OW0705160994 Beijing XINHUA in English
1531 GMT 7 May 94*

[Text] Lhasa, May 7 (XINHUA)—The Standing Committee of China's Tibet Autonomous Regional People's Congress adopted today "The Rules on Administration of Foreigners' Mountaineering in Tibet," which will go into effect as of July 1, this year.

The rules are the first of its kind drawn up by the people's government of the Tibet Autonomous Region.

Tibet is rich in mountaineering resources. Among the 14 mountain peaks with an elevation of more than 8,000 meters in the world, four are located at the border of Tibet region and Nepal and one is within Tibet. Besides, there are thousands of peaks over 7,000 meters above the sea level.

Since 1980, Tibet has opened 44 mountain peaks to foreigners and received nearly 6,000 mountaineers from 26 countries and regions.

All those who come for mountain-climbing, expedition, skiing, gliding or rock-climbing at a mountain peak over 5,500 meters above the sea level in Tibet or at the border of Tibet should abide by the rules.

According to the rules, any foreigner going to mountaineer in Tibet should present an written application to Tibet Mountaineering Association for approval. Besides, foreign mountaineering groups or individuals going to mountaineer in Tibet should apply for the entrance of their means of communications, telecommunication and photographic equipment ahead of time.

Tibet Paper Adopts 'Laser Typesetting' Technology

OW0905095594 Lhasa XIZANG RIBAO in Chinese 23 Apr 94 p 1

[Article by reporter Zhang Lei (1728 7191): "Say Goodbye to the 'Lead and Fire' History; Usher in the 'Light and Electricity' Era; XIZANG RIBAO Typeset by Laser; XIZANG RIBAO Yesterday Held Ribbon-Cutting Ceremony; Regional Leaders Basang, Danzim, Lieque, Puqung, Laba Pingcuo, and Ga Jin, Deputy Political Commissar of the Tibet Regional People's Armed Police Corps; and Wang Yuchuan, Vice Chairman of the Beida and Fangzheng Groups, Attended"]

[Text] Amid crackling firecrackers, Basang, deputy chairman of the Xizang Regional Party Committee and vice chairman of the regional committee of the Chinese People's Political Consultative Conference; Laba

Pingcuo, vice chairman of the regional people's government; and Wang Yuchuan, vice chairman of the Bada and Fangzheng Groups and general manager of the Chengdu Fangzheng Corp. Ltd., took up their scissors. Soon, three red flowers dropped onto a platter. After 38 years of unremitting efforts, XIZANG RIBAO, while marking its founding anniversary on 22 April, also said goodbye to its "lead and fire" history and ushered in a "light and electricity" era. From now on, both the Chinese and Tibetan editions of the XIZANG RIBAO will be typeset by laser, and the paper, like all other provincial-level papers in the country, has upgraded its typesetting with new technology.

Danzim, a veteran XIZANG RIBAO newsman and deputy secretary of the regional party committee, expressed what was in the hearts of the entire XIZANG RIBAO staff. He said: "With the use of laser typesetting technology, the long-cherished dream of veteran newsmen has been realized, and the frontier areas' journalistic development has made one step forward." Representing the regional party committee and the regional people's government, Danzim warmly congratulated the entire XIZANG RIBAO staff and thanked the Beida and Fangzheng Groups for their unselfish assistance and energetic support.

Lie Que, member of the regional party committee standing committee and secretary of the Lhasa Municipal Party Committee; Puqung, vice chairman of the regional people's congress standing committee; and Ga Jin, deputy political commissar of the Tibet Regional People's Armed Police Corps; as well as persons in charge of relevant departments, bureaus, committees, and offices in Tibet, leaders in charge of propaganda in various prefectures; and journalists of various news units in Lhasa, also came to XIZANG RIBAO to extend their congratulations.

Gao Yanxiang, XIZANG RIBAO editor-in-chief, said excitedly: Although XIZANG RIBAO is the last newspaper in the country to begin using laser typesetting technology, the use of this technology has great significance. It represents a leap forward and a revolution in Tibet's newspaper publishing history. He added: The regional party committee and government set strict requirements for the laser typesetting project and always expressed interests in its progress. Despite financial restraints, planning, financial, banking, designing, and construction departments made sure that special funds for the project were available and the project was meticulously designed and installed. Postal, telecommunications, and power departments made positive efforts in coordinating our paper's normal publishing and distribution; civil air transport and the Lhasa Air Command [kong zhi 4500 2172] airlifted the machinery to Lhasa safely and in the quickest way possible; and newspapers and publishing units of central authorities and all provinces and municipalities gave us their warm encouragement and support. All this reflected the great importance which people of all walks of life inside and outside Tibet

attached to XIZANG RIBAO's news reporting and propaganda; reflected the spirit of unity, cooperation, and mutual assistance; and reflected the warmth of our Motherland as a big family and the fraternal ties among people of all nationalities. Speaking on behalf of the entire XIZANG RIBAO staff, Gao Yanxiang pledged that the entire XIZANG RIBAO staff would continue to carry forward the spirit of waging arduous struggle, being ready to dedicate themselves, and working hard in unity in operating the newspaper. He said the XIZANG RIBAO staff will continue to emancipate their minds, press forward, and bring forth new ideas to create a good and stable environment for Xizang's spiritual and material construction.

At yesterday's ribbon-cutting ceremony, Du Tai, deputy head of the regional party committee propaganda department; and Wang Yuchuan, vice chairman of the Beida and Fangzheng Groups and president of the Chengdu Fangzheng Electronics Corp. Ltd., also gave warm speeches.

Following the ribbon-cutting ceremony, the leaders and visitors toured the laser typesetting room with great interest.

Tibet Increases Joint Ventures, Foreign Business Ties

OW0705103594 Beijing XINHUA in English
0819 GMT 7 May 94

[Text] Lhasa, May 7 (XINHUA)—Southwest China's Tibet Autonomous Region is reporting a fast-growing economy thanks to efforts to expand overseas and domestic co-operation.

It has set up 28 joint ventures funded by the United States, Nepal, Thailand, Malaysia, Hong Kong and Taiwan.

It has also signed contracts for development projects with overseas firms, with a total investment of 9.63 million U.S. dollars.

Also, some 16 domestic firms in the interior provinces have set up business centers in Tibet. More than 20 Tibetan enterprises have started co-operation projects financed by their counterparts in the interior, involving a total of 30.48 million yuan, mainly for developing transportation, light industry, textiles, electronics, commerce and trade.

In 1993 the region sent more than 50 trade delegations to the interior provinces and other autonomous regions of the country. And over 100 inspection groups were asked to come in the region to promote economic development.

About 20 of these joint-venture projects set up so far in the region are in the high-tech sector, accounting for 48.7 percent of the total.

Tibet's Cultural Activities Benefiting From Reform

OW0805075594 Beijing Central People's Radio
Network in Mandarin 1030 GMT 6 May 94

[From the "National Hookup" program]

[Text] The Tibet Autonomous Region has achieved results in reforming its cultural system, resulting in increased cultural and art activities. In the past few years, Tibet's literary and art workers have stressed the importance of the people's cultural life. Last year, despite a shortage of funds, Tibet built six county cultural halls, outlined the "Dandelion Plan," formed a regional cultural and art committee for young children, and actively conducted training for budding talents in literature and art.

The autonomous region reformed the movie-screening system, consolidated movie-screening teams in rural and pastoral regions, and screened 100 films on patriotism in the entire region.

After a year's work, Tibet made further progress in its concept of the reform of the cultural system. Last year, various professional art groups produced 98 scripts and held 435 performances which a total of 350,000 people attended.

Northeast Region

Zou Jiahua Praises Jilin's Automobile Project

OW0805123094 Beijing XINHUA Domestic
Service in Chinese 1513 GMT 6 Apr 94

[By reporter Zhou Fang (0719 2397)]

[Text] Changchun, 6 Apr (XINHUA)—The 150,000-sedan production line project of the Volkswagen company under the First Automobile Group I/E Corporation—China's largest modern sedan manufacturing base—has entered the final stage of construction. The First Automobile Group I/E Corporation recently held an oath-taking and mobilization meeting to pledge mass effort to complete the project and put it into operation before the end of this year. Zou Jiahua, member of the CPC Central Committee Political Bureau and State Council vice premier, who was on an inspection tour in Jilin, attended the meeting and praised the project's fast progress in construction.

The project, the construction of which started in 1991, is a major project listed in the state's Eighth Five-Year Plan and is currently the largest joint venture in the country's machinery industry. For this reason, the party Central Committee and the State Council have expressed concern for and paid great attention to this project. Requiring an area of 218,000 square meters, the project will have internationally first-class equipment. When the first phase of the project is completed, the production line will turn out 150,000 sedans a year. The

total investment for this project is 1.26 billion yuan. When the second phase of the project is completed, the company will be able to turn out 300,000 sedans a year. When the entire project is completed, the company will become China's largest modern sedan manufacturing base turning out Jetta and Golf sedans. After three years of hard work by 30 domestic and foreign designing and construction units which carried out design construction, installation, and production debugging simultaneously, about 80 percent of the planned total investment has been completed. With the arrival of all the ordered production equipment, 1,552 sets in total, the installation of equipment and the testing of production processes are now in full swing. A modern sedan production base with four large buildings has taken shape. By the end of last year, the company had manufactured more than 20,000 Jetta sedans for sale on the market. When the project is completed and put into operation by the end of this year, the company's self-sufficiency rate in manufacturing [vehicles and their required parts] will reach 40 percent.

To complete the project according to schedule, the corporation, with the support of the Jilin provincial party committee and the provincial government, organized eight special construction groups, with workers of the corporation playing the main role, and proposed that "let us work hard for eight months to complete the construction of the 150,000-sedan-capacity plant and put it into production by the end of this year." To strengthen organizational leadership over the project and to accelerate its pace of construction, the Jilin provincial party committee and the provincial government formed a "decisive battle" leading group headed by Governor Gao Yan, and a project command, which will ensure the progress and quality of this project.

Speaking at the mobilization meeting, Zou Jiahua praised the rapid progress of the project, saying: While developing the production of sedans, the First Automobile Group I/E Corporation has completed the remodeling of its major product, medium trucks, and it has ensured good quality. It not only has secured a stable share of the domestic market for medium trucks but also has exported a large number of them. The corporation has built a production base capable of manufacturing 60,000 light-duty vehicles a year, and the advantage of large-scale operations is beginning to yield results. Its spectacular achievements in as short a period as several years are the results of implementing the party's line of reform and opening to the outside world under the care of the party Central Committee and the State Council and under the direct leadership and support of the Jilin provincial party committee and provincial government, and these are also due to the concerted efforts made by the corporation's workers and staff members. On behalf of the State Council, Zou Jiahua gave his regards to the 100,000 workers and staff members of the corporation who are working hard to develop China's automobile industry, as well as to the foreign experts working for the corporation.

Zou Jiahua said: The automobile industry is a pillar of China's national economy. The First Automobile Group I/E Corporation is one of the country's 10 key enterprises of pillar industries. Facing intense international market competition, the corporation must strengthen itself, enhance its ability to participate in international competition, and turn itself into a large automobile industry group as soon as possible. The First Automobile Group I/E Corporation has already developed in an all-round way the production of medium trucks, light cars, and sedans. Its most crucial task now is to complete the 150,000-sedan production base soon. Although the project had a late start and involves more difficulties, its construction has progressed rapidly. We must complete the major project in two years. Zou Jiahua encouraged the builders to make new contributions to the development of China's automobile industry.

Liaoning Secretary Speaks at Party Committee Meeting

SK0805034794 Shenyang Liaoning People's Radio Network in Mandarin 1000 GMT 7 May 94

[Excerpts] The enlarged standing committee meeting of the Liaoning Provincial Party Committee was held in Shenyang on 7 May. Gu Jinchu, secretary of the provincial party committee, first reported on the changes of principal leaders of the provincial government. Yue Qifeng, former deputy secretary of the Liaoning Provincial Party Committee and vice governor of Liaoning Province and currently secretary of the Heilongjiang Provincial Party Committee, made an impromptu speech.

At the meeting, Wen Shizhen, deputy secretary of the Liaoning Provincial Party Committee and vice governor of the province, made an overall arrangement for the current economic work. He said: At the moment, we should pay attention to the following tasks: First, the entire society should show concern and all the people in the province should participate in the endeavor of invigorating large and medium-sized state-owned enterprises. The present situation in the province's large and medium-sized enterprises is grim. The task in the second quarter is to reverse the situation of suffering losses. The range of deficits in the second quarter should be reduced to 14 percent. The provincial government will adopt measures to help enterprises reverse their deficits and resolve major problems that hamper industrial production. [passage indistinct] Second, we should pay attention to agriculture in an effort to promote the all-around development of the rural economy. At present, we should ensure the fulfillment of two objectives: to keep grain output at (?15 million) tonnes or more and to keep the per capita income at about 1,300 yuan. [passage omitted]

Gu Jinchu, secretary of the provincial party committee, stressed three tasks at the meeting. He said: First, we should change ideas and deepen reform. Specifically

speaking, we should appropriately handle the relations in five aspects, namely, the relations between cities and the countryside, the relations between industry and agriculture, the relations between large and medium-sized state-owned enterprises and township and town enterprises, the relations between the state-owned economy and the non-state-owned economy, and the relations between high and new technology and traditional industries. Second, we should seek unity of understanding, strengthen leadership, and make concerted efforts to safeguard social order. Third, we should pay attention to party building, oppose corruption and encourage integrity and honesty, and change the style of work.

Northwest Region

Gansu Secretary Inspects Mountainous Areas

HK0505144294 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 25 Apr 94

[Text] During his recent inspection of some mountainous areas in southern Gansu, provincial party committee Secretary Yan Haiwang conducted on-site investigations and study. He stated emphatically: We should make every possible endeavor to steadily develop agriculture, successfully build vegetable-basket projects, and show more concern for people's livelihood.

From 20 April to 25 April, Secretary Yan Haiwang and his entourage went deep into seven counties in southern Gansu to inspect town and township enterprises and vegetable production bases. They also visited some peasant households; inquired about the situation in the implementation of central policies, the building of vegetable-basket projects, and arrangements for people's livelihood; and helped local areas tackle economic problems.

After being briefed on the situation in building vegetable-basket projects in these counties, Secretary Yan Haiwang noted that the supply and prices of vegetables now have become a pressing issue for urban residents. This is why vegetable-basket projects have a crucial bearing on the overall situation.

During his investigations and study, Secretary Yan Haiwang fully affirmed the achievements scored in economic development by the seven counties, saying: Now that the seven counties have made excellent development plans, they should strive to implement their respective plans to the letter in the months ahead, make redoubled efforts to emancipate their minds, push ahead with opening up and exploitation, become bold in trying out new methods, firmly implement new methods proven successful in practice, vigorously further reforms, develop a series of new trains of thought to guide local economic development, carry forward a self-reliance spirit, and work in a down-to-earth manner.

Secretary Yan Haiwang also called for making sound arrangements for people's livelihood and for solving the

problem of sufficient food for poor peasant households in the province's mountainous and disaster areas, in batches and stages. He urged leaders at all levels across the province, and especially principal leaders, to attach great importance to and assume personal responsibility for work in this regard.

Those accompanying Secretary Yan Haiwang during his recent investigations and study were Song Zhaosu, secretary general and member of the provincial party committee standing committee; Mu Wenli, member of the provincial party committee standing committee and secretary of the Zhangye City CPC Committee; Han Zhengfu, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference; as well as some other provincial leaders.

Shaanxi Party Official Urges Continued Reform

HK0505151694 Xian Shaanxi People's Radio
Network in Mandarin 0010 GMT 1 May 94

[Text] From 27 to 29 April, Liu Ronghui, deputy secretary of the provincial party committee, went to a series of rural areas and factories in Anzhai and Xian, and in the (Yancheng) oil deposit administration to conduct investigations and study. On the afternoon of 29 April, after hearing the report submitted by the Yanan Prefectural CPC Committee and administrative office, Liu Ronghui said: The ongoing fiscal and tax reform touches on a wide range of endeavors. We should strive to meet the requirements of the reform, seek new tax funds in line with the new requirements, and properly handle the relationship between the state, the local enterprises, and the individuals, with the stress on the active disposition of new tax funds. State income tax comes mainly from state-owned and individual enterprises. We should pay close attention to the collection of the business tax from tertiary industrial undertakings and [words indistinct] tax. We should approach tax collection from a strategic prospective. We should carry out tax collection work efficiently and at an early date, otherwise we will fall behind and suffer great losses. In this regard, we should place great stress on the smooth transition of the new taxation system and should institute and improve tax collection work at the departmental level as soon as possible. On one hand, we should upgrade and readjust tax collection and management, and on the other hand, [words indistinct].

When discussing Yanan's oil exploitation, Liu Ronghui said: One should not think that one will make a name for himself as long as he has resources or the one will have nothing to do as long as the state takes care of his resources. Both unrealistic optimism and pessimism are wrong. We should take the road of developing the oil industry by exploiting oil through reliance on the policy set by the provincial authorities. In light of Yanan's actual conditions, we should consider the development orientation of oil from the angle of the market economy, promote the transformation from commodity type to commodity-operation type and from fuel type to fuel

[words indistinct] type. In refining, we should coordinate with colleges and universities, large enterprises, and scientific research institutes.

As for the issue of coal, when put on the market, coal should be priced appropriately. If we set too high a price, we will be unable to sell it, but if we set too low a price for coal, we will suffer losses in operation. We should energetically develop a diversified economy and [words indistinct].

Xinjiang Executes 11 'Criminals,' Imprisons Others

OW0705075794 Urumqi XINJIANG RIBAO in Chinese 21 Apr 94 p 1

[Text] On 14 April, Kashi Prefecture cracked down on a number of criminals, thus contributing to efforts to maintain social order and to deter lawless elements.

In view of the fact that the felony crime rate has been on the rise in the last few years, courts at all levels of Kashi Prefecture have been resolute and have shown no mercy in clamping down on crime. On 14 April, a total of 47 criminals involved in 34 cases that have taken place since 1993 were sentenced in Kashi city, Shufu County, Jiashi County, Markit County, Shache County, and Yecheng County. Eleven criminals, including Abudu Kelimu, Abuli Miti, and Aishan Tuoxun, were executed for intended manslaughter or for robbing taxis, acts which had a very bad social influence. Another 36 criminals were sentenced to various prison terms of at least one year for rape, stealing, swindling, intentionally causing injuries to others, kidnapping, or illegally detaining other persons.

Xinjiang Boosts Cotton Production

OW0505073194 Beijing XINHUA in English 0633 GMT 5 May 94

[Text] Urumqi, May 5 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region has built 14 quality cotton production bases in a bid to boost its cotton industry.

According to local officials, the bases, which are scattered across both sides of the Tianshan Mountains, have a total cotton growing area of 200,000 ha, accounting for one third of the autonomous region's total cotton growing acreage.

The production capacity of the bases has been greatly enhanced thanks to the establishment of comprehensive services concerning operation and management, technology application, the breeding of good strains, purchase and processing, coupled with increased investment from the central government.

Last year Xinjiang earned 7.2 billion yuan from sales of commodity cotton, accounting for more than half of the earnings from the marketing of produce from the region's farming sector.

Local farmers also netted an increase of 80 yuan in their per capita income from the growing of cotton alone.

The officials said that this year the growing area of cotton in Xinjiang is expected to surpass 733,333 ha, compared to 644,666 ha in 1993.

They pledged to redouble their efforts to boost cotton production and make the region's total output of cotton reach one million tons by 1996.

SEF Officials Arrive in Hangzhou

OW0805142794 Beijing XINHUA in English
1405 GMT 8 May 94

[Text] Hangzhou, May 8 (XINHUA)—Hsu Hui-yu, deputy secretary-general of the Taiwan-based Straits Exchange Foundation (SEF), and his party arrived in Hangzhou, capital of Zhejiang Province, this afternoon.

At the invitation of the mainland's Association for Relations Across the Taiwan Straits (ARATS), Hsu and his party, including some experts, have come to Zhejiang to inquire into the Qiandao Lake incident. They were met by ARATS officials at the airport.

The incident, which occurred on Qiandao Lake in Chunan County on March 31, involved the burning of a pleasure boat and the robbery and murder of 32 tourists from Taiwan and the mainland. Of the dead, 24 were from Taiwan.

The 21-member SEF party has nine SEF officials, six experts, five relatives of the victims and one travel agency official.

Li Yafei, deputy secretary-general of ARATS, will preside over a meeting to invite mainland inspectors handling the case to inform the SEF party of the case.

Arrangements will be made for the SEF party to join an investigation tour on Qiandao Lake and visit relatives of mainland victims of the crime.

The appropriate departments of Zhejiang Province will also listen to comments from relatives of the Taiwan victims.

At the airport, Hsu Hui-yu stressed that the purpose of his party's trip to Zhejiang is to learn about the progress of the mainland's handling of the case.

He said, "We will raise our questions from an objective, rational and professional angle."

He said that the tragedy shocked the people across the straits and only by healing the wound promptly can the relations across the straits be promoted.

The SEF party will leave Hangzhou for Taiwan on May 14.

More on Arrival

OW0805124594 Hangzhou Zhejiang People's Radio
Network in Mandarin 1000 GMT 8 May 94

[From the "Provincial News Hookup" program]

[Text] A 21-member delegation of the Strait Exchange Foundation [SEF] of Taiwan, led by its head, Xu Huiyou [Hsu Hui-yu], arrived in Hangzhou by a Dongfang Airlines flight from Hong Kong this afternoon. They will hear a report by experts of Zhejiang's relevant departments in connection with the Qiandao tourist boat

incident and will make an on-the-spot survey of the incident to collect evidence.

(Qiao Feng), vice chairman of the mainland's Secretariat of the Association for Relations Across the Taiwan Strait [ARATS]; (Zhou Ming), deputy director of ARATS' Administrative Department; and (Qiu Mingfa), deputy director of Zhejiang's Taiwan Affairs Office, greeted the delegation at the airport.

At the airport, when interviewed by a reporter, delegation head Xu Huiyou admitted that up to now the Taiwan side has possessed only fragmentary knowledge of the Qiandao Lake incident. Therefore, he said it is hoped that the Taiwan side will gain a comprehensive understanding of the case through an on-the-spot investigation.

CAAC on Air Security, Cooperation With Taiwan

HK0605072994 Beijing CHINA DAILY in
English 6 May 94 p 3

[By Xie Yicheng: "Leaders Vow To Tighten Airline Security"]

[Text] Aviation leaders have vowed to tighten airline security and prevent hijackings by urging staff to take all possible safety measures.

"It is a must to strictly enforce rules for air security—from ticket sales, passenger and luggage check-in, boarding, on-board inspection—to deal with air piracy," said Chen Guangyi, head of the Civil Aviation Administration of China (CAAC).

CAAC will resolutely probe hijacking cases, punish those responsible and take swift counter-measures. Chen told a conference in Fuzhou, provincial capital of Fujian.

The city sits directly across the straits from Taiwan, where many hijackers have attempted to force planes to land.

Chen also expressed hope that Taiwan authorities would co-operate with the mainland to crack down on air piracy.

"We are awaiting a treaty between the mainland's Association for Relations Across the Taiwan Straits and the Taiwan's Straits Exchanges Foundation on repatriation of hijackers" he said.

"Once both sides can join hands in the war against air piracy and force hijackers back to where they flew from, we can root out these crimes for the safety of the travelling public."

CAAC's anti-hijacking campaign had a direct impact last year when officials issued a series of rules on tightening air defence, expanded air security employment and installed more safety check devices.

Security departments foiled six hijacking attempts, detected 45 suspects with concealed firearms or knives, and confiscated contraband and other dangerous articles.

In a letter to the meeting, Vice-Premier Zou Jiahua cautioned that air security should do its utmost to prevent hijackings.

Development of Relations With Taiwan Discussed

*HK0905053094 Beijing LIAOWANG in Chinese
No 12, 21 Mar 94 p 47*

["Letter From Beijing" by Bao Xin (7637 0207): "Maintain a Consensus, Push Forward the Development of Cross-Strait Relations"]

[Text] My brothers,

The fourth round of working talks between the Association for Relations Across the Taiwan Strait [ARATS] and the Straits Exchange Foundation [SEF] is to be held in Beijing late this month. Much attention has been given to the talks on both sides of the Taiwan Straits, because the goal is to reach a mutually agreed-upon draft agreement, based on the consensus reached in Beijing early last month between the persons-in-charge of ARATS and SEF. These talks will play an important role of continuing the process already begun and paving the way for future development in pushing forward the growth of cross-strait ties.

Whether the task shouldered by the fourth round of working talks can be smoothly carried out or not depends on the joint efforts of both sides. What is pleasant and encouraging is that both sides have given very high credence to the consensus reached in the Tang [Shubei]-Chiao [Jen-ho] talks in Beijing in early February, and both have taken an active and optimistic attitude towards translating such views into an agreed-upon text. Tang Shubei, executive vice chairman of ARATS, observed that in the February talks between Mr. Chiao Jen-ho and himself, three issues existing in the working talks had been settled in terms of overall direction, and the wording of a document had been informally put forward by both sides. Both sides have the willingness and confidence to fix, in the fourth talks, a draft agreement on the three issues. Koo Chen-fu, chairman of the board of SEF, commented that it was not easy to gain in five days the achievements of the third round of talks held in early February, proving the influence and importance of high-level dialogue. Chiao Jen-ho, vice-chairman and secretary general of SEF, hoped that the results of his talks with Tang Shubei would cause a consensus to be reached as swiftly as possible in the fourth round of working talks so that final preparation for signing an agreement could be completed.

Admittedly, there will be difficulties in translating the consensus achieved into the concrete articles of the agreement, and disagreements do need to be overcome. However, with the consensus reached last time as the

basis, it is presumed those problems will not be difficult to resolve. What needs to be mentioned in particular is that the first point of the 5-point consensus expressed in the joint press release is: "Both sides hold that in the working talks between ARATS and SEF, political issues should be avoided with an attitude of pragmatism." It is an important sign that progress has been made in the working talks between the two associations. People believe that as long as both sides make joint efforts and maintain and keep to the consensus, instead of damaging and diverging from the consensus, they will be able to overcome disagreements and finalize the drafting of the agreement articles.

In the first point of the five-point consensus of the joint press release of the Tang-Chiao talks, it was stipulated that in the fourth round of working talks—to be held in late March—opinions would be exchanged or discussions conducted on several economic and scientific and technological issues cited in the "Joint Agreement of the Wang-Koo Talks". An important achievement of the Wang-Koo talks was that economic, scientific, and technological topics should be included on the agenda of the cross-strait working talks as soon as possible. Only because of the Taiwan side was that important topic not fixed until the February Tang-Chiao talks as one of the contents of the next talks. Although the wording in this paragraph was determined through modification just before the release of news of the talks and therefore economic, scientific, and technological topics were not formally included on the agenda, it does show, all the same, that both sides have reached a certain degree of consensus on this issue.

As a matter of fact, it is in the interest of the people on both sides to strengthen cross-strait economic and trade exchange and cooperation, whether in terms of the current realities of the relationship between the two sides of the Taiwan Straits, or in terms of looking into the vast prospects of cross-strait economic and trade cooperation. In this respect, we should not avoid general problems that await both sides to settle through discussion and coordination, nor is it proper to procrastinate. As authorized nongovernmental bodies, ARATS and SEF should shoulder the task of promoting economic and scientific and technological exchange and cooperation between the two sides.

At this moment, it is very difficult to soften and eliminate, in a short period of time, political disagreements formed because of the long-time estrangement between the two sides of the Taiwan Straits. Yet complementary and mutually beneficial economic and trade exchange and cooperation between the two sides can build closer cross-strait relations. The progress in cross-strait relations in recent years demonstrates that among nongovernmental contacts and exchanges between the two sides, the most dynamic factor is economic and trade cooperation and exchange, which not only plays a positive role in promoting the economic prosperity of the two sides, but also promotes the healthy, mutually driving development of cross-strait relations. It can be said that, with

the two sides having more common economic interests, it will be beneficial in greatly increasing the mutual trust and consensus between both sides.

The mainland side has made unceasing efforts to promote economic and trade exchange and cooperation between the two sides of the straits. Not long ago, the Law of the People's Republic of China on Protecting the Investments of Taiwan Compatriots was examined and approved during the Sixth Session of the Standing Committee of the Eighth National People's Congress. The law provides the highest level and fullest legal protection of investments in the mainland by Taiwan compatriots. Its

promulgation and execution will certainly promote cross-strait economic and trade exchange and cooperation. Meanwhile, it will create the favorable conditions for ARATS and SEF to jointly discuss topics on cross-strait economic cooperation.

May the fourth round of working talks between ARATS and SEF be a complete success!

Sincerely,

[Signed] Bao Xin

[Dated] 13 March

SEF Delegation Discusses Qiandao Lake Killings*OW0905085294 Taipei CNA in English 0811
GMT 9 May 94*

[By Stanley Tcheung and Debbie Kuo]

[Text] Hangzhou, May 9 (CNA)—A Taiwan delegation, headed by Hsu Hui-yu, deputy secretary-general of the Straits Exchange Foundation (SEF), Monday [9 May] met with mainland authorities to discuss the March 31 Qiandao Lake incident in which 24 Taiwan tourists were robbed and murdered.

This was the first time since the crime that SEF officials and crime experts were allowed to visit the mainland to probe the investigation into the incident, which has frozen Taiwan-mainland ties.

Hsu said his delegation, comprised of victims' relatives, lawyers and forensic scientists, hopes mainland authorities will reveal all the facts pertaining to the crime.

"Only by doing so can the fragile Taiwan-mainland ties return to normal," Hsu said.

Mainland authorities Monday turned down the Taiwan mission's request to see autopsy reports and instead showed them slides and taped records about the condition of the bodies.

The Association for Relations Across the Taiwan Strait (ARATS), SEF's mainland counterpart, also rejected the mission's demand to interview the four men arrested for their alleged involvement in the crime. SEF and ARATS are non-official conduits for mainland-Taiwan relations.

ARATS Deputy Secretary-General Li Yafei, who was among the mainland officials meeting with the Taiwan delegation, said people in the mainland feel as sad as the people in Taiwan do about the accident and the mainland authorities have tried their utmost to crack the case.

According to a report by the Hong Kong-based WEN WEI PO, Wu Liming, a suspect who was charged for complicity in the crime, works for the Hangzhou armed police.

All 32 passengers and crew aboard a pleasure boat on Qiandao Lake in the eastern province of Zhejiang were found burnt to death in a small room in the boat on April 1. Luggage and other belongings were missing.

Although mainland authorities arrested the four suspects and said they have tried their best to investigate the accident, Hsu said many suspicions surrounding the incident remain.

News of the mishap was suppressed at first and then the Zhejiang authorities claimed it was an accident. Reporters, especially those from Taiwan, were barred from the crime scene. Relatives of the victims, who were furious over the autopsies carried out without their

consent, were confined in their hotels, and SEF officials were three times refused permission to visit the mainland to probe the case.

Taiwan has since suspended cultural and educational exchanges, banned sightseeing trips, and is reviewing its economic policy toward the mainland in protest of the mainland's inappropriate handling of the incident.

Beijing Permits 40 Reporters To Cover Qiandao Probe*OW0705094894 Taipei CNA in English 0759
GMT 7 May 94*

[By Benjamin Yeh]

[Text] Taipei, May 7 (CNA)— Beijing has agreed to allow 40 Taiwan reporters to visit Mainland China to cover an investigation into the March 31 murder and robbery of 24 Taiwan tourists on Qiandao Lake in Zhejiang Province.

"We were told that two or three more applications could be available if needed," Li Ching-ping, deputy secretary-general of the Straits Exchange Foundation (SEF), told newsmen Saturday [7 May] morning.

Li said he received a phone call from Liu Gangqi, deputy secretary-general of the Association for Relations Across the Taiwan Strait (ARATS), saying Beijing has approved the entry of 40 Taiwan reporters, up from the previous quota of 30.

SEF and ARATS are semi-official organizations authorized by the two sides to handle private exchanges in the absence of official contacts.

Liu was quoted as saying that the mainland authorities are limiting the number of reporters because of transportation difficulties.

The increase in the number of reporters has been perceived as a concession by Beijing to improve its image following a protest by Taipei on Friday.

Mainland security authorities have accused three suspects of arson, robbery and murder in the March 31 crime and arrested a fourth suspect.

Meanwhile, H.Y. Hsu, SEF deputy secretary-general, is scheduled to lead a 22-member delegation to Hangzhou on Sunday. The group will comprise the victims' relatives, forensic experts, and SEF staffers.

Government Protests Media Restriction*OW0605185094 Taipei CNA in English 1324
GMT 6 May 94*

[By Benjamin Yeh]

[Text] Taipei, May 6 (CNA)—Taiwan on Friday [6 May] protested to Mainland China over its restriction on the number of Taiwan reporters that will be allowed by

Beijing to cover the trial of the four men charged with robbing and killing 24 Taiwan tourists and eight mainland guides and crew members on Qiandao Lake.

"It simply doesn't make any sense to impose such restrictions," Yeh Chin-feng, vice chairwoman of the Mainland Affairs Council, said one day after mainland authorities made the decision to allow only 30 Taiwan journalists to cover the case.

The four men charged in the crime—three for murder, arson, and robbery and one for complicity—will stand trial on Tuesday.

Li Ching-ping, deputy secretary-general of the Straits Exchange Foundation, said SEF had conveyed a complaint to its mainland counterpart, the Association for Relations Across the Taiwan Straits (ARATS).

SEF and ARATS are semi-official organizations authorized by the two sides to handle private exchanges in the absence of official contacts.

In the complaint, Li pointed out, SEF said it could not figure out why the mainland wants to restrict the number of Taiwan journalists when it had previously indicated Taiwan journalists would be freely allowed to cover the case.

"That abrupt change has caused extreme discontent among the local mass media," Li said. SEF Deputy Secretary General H. Y. Hsu is scheduled to lead a 22-member delegation to Mainland China on Sunday to look into the mainland's investigation into the incident. The group will comprise relatives of the victims, lawyers and forensic experts.

Hsu also called on the mainland to re-think its restrictions on news coverage, saying that only by clarifying the lingering doubts surrounding the deaths can fragile cross-strait ties be patched up.

Beijing at first insisted that the tourists were killed in an accident, and refused to allow the victims' relatives to board the pleasure boat on which the tourists perished. Taiwan reporters were also barred from the scene.

Mainland authorities did an about-face on the issue, however, after Taiwan threatened to put a stop to private exchanges between the two sides, which began in 1989. Beijing's handling of the case touched off an uproar here, and led President Li Teng-hui, in an unusually strongly worded statement, to call the Beijing regime a group of "bandits," who should have been overthrown by the people a long time ago.

Official on 'Concrete Response' to U.S. Trade Request

OW0705042094 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 6 May 94

[From the "Hookup" program]

[Text] To speed up our country's entry into GATT, a senior Council of Agriculture official disclosed yesterday [6 May]: Our country may offer a concrete response at the Sino-U.S. consultations scheduled for 12 May on lifting controls on 21 sensitive agricultural products, including chicken, chopped cooked animal entrails, red beans, and peanuts. Moreover, our country does not exclude the possibility of promising to further adjust the size of tariff reductions, with which the U.S. side is dissatisfied.

Our country's delegation to GATT consultations will leave by plane for the United States next Tuesday [10 May] to begin the second round of bilateral GATT consultations with the U.S. side. Meanwhile, the Board of Foreign Trade has completed the plan for categorizing import goods, which will go into effect on 1 July. On that day, 92 percent of the goods on our country's import categorization list will be allowed into the country without licenses, bringing to 2 percent the proportion of goods subject to import restrictions. By taking this action, Taiwan will truly move toward export and import liberalization.

Upcoming Tariff Talks With U.S. Assessed

OW0705094794 Taipei CNA in English 0710 GMT 7 May 94

[By Benjamin Yeh]

[Text] Taipei, May 7 (CNA)—The Republic of China [ROC] and the United States will hold another round of tariff talks under the General Agreement on Tariffs and Trade (GATT) framework in Washington, D.C., next week.

"The coming negotiations are expected to focus on more than 1,200 agricultural products," said Chen Wu-hsiung, director of economics and planning development for the Council of Agriculture's [as received]. Chen added that the talks may also cover non-agriculture products.

Chen, who will participate in the talks slated to begin May 12, said Taiwan will make some concessions in the consultations, but he declined to elaborate. The ROC delegation will be led by Vice Economic Affairs Minister Sheu Ke-sheng.

The US is expected to ask Taiwan to lift its existing import bans and control measures, Chen said, but the Taiwan Government will insist on some sort of protection for local farmers. For instance, he said, import controls on citrus fruits, apples, and pears will not be eased until after the year 2000.

The US first asked Taiwan to cut tariffs on 8,048 products last November as a condition for Taiwan to enter the Geneva-based world trade body. It demanded Taiwan lower tariff rates on industrial products to below 10 percent and on agricultural goods to below 20 percent.

The two sides failed to reach agreement in the first round of formal consultations held here in February. The talks failed after the US demanded a 50 percent tariff cut on all agricultural products, which was 20 percent higher than Taiwan's offer.

Taiwan applied to join GATT in 1990 under the name "Customs territory of Taiwan, Kinmen and Matsu," and is expected to be admitted before the end of this year.

Government To Liberalize Imports Starting 1 Jul

*OW0705081594 Taipei CNA in English 0737
GMT 7 May 94*

[By Sofia Wu]

[Text] Taipei, May 7 (CNA)—Taiwan will further liberalize import trade in July in preparation for its entry to the General Agreement on Tariffs and Trade (GATT), the Board of Foreign Trade (BOFT) said Saturday [7 May].

Beginning July 1, more than 90 percent of all imports will be allowed to enter Taiwan freely, the board said.

The board has drafted a "negative list" which will go into force July 1. Products on the list will either be prohibited from entering Taiwan or need import permits.

With the exception of those on the list, all other products, accounting for 92.4 percent of the 9,305 items covered in the BOFT-compiled product catalog, can be imported into Taiwan freely, BOFT officials said.

Products on the "negative list" make up only 7.6 percent of the total number of items covered in the official catalog, the officials noted, adding the list was designed mainly to protect some local industries, national security, public health and the environment.

The "negative list" comprises 227 items which are totally banned from importation and 479 other items which can be imported with BOFT permission.

Those items prohibited include intestines, rice, chickens, mushrooms and sugar, while those which need government permission before being imported include red beans, peanuts, [words indistinct], fruits, compact cars and motorcycles.

At present, 2.4 percent of products are prohibited from import, 6.3 percent need BOFT permission, 9.5 percent require import licenses issued by banks authorized by the BOFT, and 81.6 percent can be imported freely.

After July 1, importers of 764 items which are not on the negative list must still present certificates issued by relevant government agencies, the officials said. Those products include medicines, animal feed, pesticides, medical equipment and publications.

Taiwan applied to join GATT in 1990 as a separate customs territory and is expected to become a full member by the end of this year.

633 Items Approved for Mainland Production

*OW0605184894 Taipei CNA in English 1316
GMT 6 May 94*

[By Y. C. Tsai]

[Text] Taipei, May 6 (CNA)—Taiwan companies will be allowed to manufacture 633 more products in Mainland China, Director-General Yin Chi-ming of the Industrial Development Bureau reported Friday [6 May].

The green light brings the total number of industrial items allowed to be manufactured in the mainland to 4,444, or 70 percent of the 6,771 industrial goods Taiwan companies currently manufacture, Yin noted.

The government made the decision following 29 rounds of talks with representatives of 12 key industries, including the information, consumer electronics, machinery, steelmaking, petrochemical, [word indistinct] and telecommunication industries, he said.

Of the new products allowed to be manufactured in Mainland China, 196 and 188 are textile and machinery products, respectively.

Even the automobile and information industries, both of which are considered vital to Taiwan's economy, have been approved to manufacture 18 and 16 items, respectively, in Mainland China, he pointed out.

Information products getting the go-ahead for mainland production include the 486 personal computer, he added.

Yin said the further relaxation of restrictions on investment in Mainland China will help create win-win opportunities on both sides of the Taiwan Strait.

ROC Agrees To Reduce Nicaraguan Debt

*OW0605185194 Taipei CNA in English 1259
GMT 6 May 94*

[By Edward Chen]

[Text] Nicaragua, May 5 (CNA)—The Republic of China [ROC] has tentatively agreed to cancel 75 percent of the debt owed it by Nicaragua on a US\$10 million loan, the ROC embassy announced Thursday [5 May].

The ROC gave the Nicaraguan Sandanista Government the loan in the 1980s to help Nicaraguan cotton farmers, but the loan was not paid back in time and interest accumulated has pushed the amount of the loan to US\$22 million.

NAA Official on Membership in International Groups

*OW0705111794 Taipei CNA in English 0704
GMT 7 May 94*

[By Debbie Kuo]

[Text] Taipei, May 7 (CNA)—Loic Bouvard, chairman of the North Atlantic Assembly (NAA), said here Friday [6 May] that the Republic of China has made exceptional achievements in economic development and political reform during the past years, paving the way for Taiwan's re-entry into international organizations.

Bouvard, who led a five-member NAA delegation to visit Taipei recently, said at a news conference before his departure that the NAA, an affiliated forum of the North Atlantic Treaty Organization (NATO), supports the Republic of China's [ROC] bid to join the United Nations, the General Agreement on Tariffs and Trade (GATT) and other world organizations.

The NAA chairman, who is also vice president of the National Assembly of France, singled out Taiwan's efforts in removing trade barriers as "commendable," and its economic performance "enviable."

Bouvard said he would be pleased to let Taiwan into the Brussels-based forum as an observer. Japan and Australia are also observers in the organization.

Jose Lello, a parliamentarian from Portugal, gave a positive account of Taiwan's protection of human rights and speech freedoms, saying that Mainland China lags far behind Taiwan in these two areas.

Taiwan's achievement in upholding human rights and speech freedoms will be salutary factors supporting the island's bid to join the international community, including the UN, GATT, and the Asia-Pacific Parliamentarian Forum, Lello maintained.

The NAA parliamentarians concluded their six-day visit in Taiwan and left Saturday.

During their stay, the delegation met with ROC Government officials, lawmakers from both the ruling and opposition parties, civic leaders and scholars.

Other members of the delegation included Peter Cortier, NAA secretary-general and vice foreign minister of the former West Germany; Janusz Onyszkiewicz, a Polish parliamentarian; and Anders Sjaastad, a Norwegian lawmaker.

Acting Civil Aeronautics Administrator Appointed

OW0605185494 Taipei CNA in English 0726
GMT 6 May 94

[By Debbie Kuo]

[Text] Taipei, May 6 (CNA)—Vice Transportation and Communications Minister Mao Chih-kuo was appointed acting director-general of the Civil Aeronautics Administration (CAA) Friday [6 May].

The appointment came after Transportation and Communications Minister Liu Chao-shuan approved the resignation of CAA Director-General Sun Chao-liang.

Sun submitted his resignation in the wake of the April 26 China Airlines' Airbus crash at Nagoya, Japan. The crash, the worst in China Airlines' history, killed 264 of the 271 passengers and crew aboard the plane.

Mao will assume his new post pending approval by Premier Lien Chan, Liu said. He will serve as acting CAA chief until the ministry finds a suitable replacement for Sun. Mao will also keep his ministry post.

Mao said his first priority as director will be to reform Taiwan's air safety practices. He also plans to renovate air control systems, overhaul airport buildings and facilities and increase the number and improve the quality of air transport personnel, he added.

Hong Kong

Lu Ping Speech on Hong Kong's Future

HK0705040094 Hong Kong SOUTH CHINA
MORNING POST in English 7 May 94 p 4

["Text" of a speech by Lu Ping, director of the PRC's Hong Kong and Macao Affairs Office, at a luncheon held in his honor sponsored by the American Chamber of Commerce in Hong Kong, the Chinese General Chamber of Commerce in Hong Kong, the Chinese Manufacturers' Association of Hong Kong, the Federation of Hong Kong Industries, and the Hong Kong General Chamber of Commerce, at the Hong Kong Hilton Hotel on 6 May]

[Text] In the spring of 1979, when the Hong Kong and Macao Affairs Office under the State Council of China was just a "new-born baby", Deng Xiaoping met in Beijing with Lord MacLehose, the then Governor of Hong Kong. Mr. Deng told him in earnest that:

"Hong Kong is going to be handled by us as a special region and a special question. By 1997, no matter how the question of Hong Kong is being resolved, its special status will be guaranteed.

"That is to say, in a considerably long period of time between this century and early next century, Hong Kong may practise capitalism while we practise socialism. Therefore, investors around the world should have nothing to worry about."

Then, in 1984, when Mr. Deng met with the then British Foreign Secretary Sir Geoffrey Howe, Mr. Deng stressed to Sir Geoffrey Howe that:

"Hong Kong's prosperity and stability cannot be maintained without a guarantee on its continued capitalist system," and, "I am confident that the principle of 'one country, two systems' is workable."

Mr. Deng's remarks were by no means casual. What he said was the conclusion drawn after considerable investigations and studies.

Before the negotiation between China and Britain on the question of Hong Kong started, Mr. Deng held talks with people from Hong Kong and sent people to Hong Kong many times to make field studies.

A special team was set up to look into this question. I was then a member of this team. The team first analysed the factors leading to the economic success in Hong Kong and the conditions under which they were formed. Then, the team studied whether these factors could continue after 1997. The answer was positive.

A twelve-point policy was formulated. This policy was laid down in the Sino-British Joint Declaration and later in the Basic Law, and they are the basic policies of the Chinese Government regarding Hong Kong.

I want to emphasise that these basic policies are not the result of the Sino-British talks. They were, as a matter of fact, laid on the negotiating table by the Chinese Government right from the beginning.

The Reason

Now, let me talk about why China decided to adopt the principle of 'one country, two systems' to settle the question of Hong Kong:

—First, it is the best and the only solution for maintaining the prosperity and stability of Hong Kong. To look for a solution, we took into consideration the historical factor as well as the current status quo of Hong Kong. The solution will not only have to be acceptable to China, but also to Hong Kong and to the British side as well. There should be as little changes and disturbances as possible in 1997.

—Second it is good for the country as a whole. For the modernisations to succeed, we need a bridge to carry us to the Western world, and for the Western world to come to the China market. Hong Kong has been playing this role all along, and China wants it to continue to do so by retaining its capitalistic characteristic. We believe that a socialist mainland and a capitalist Hong Kong can co-exist in harmony in such a way that they can supplement each other instead of confronting each other.

The mainland can contribute to Hong Kong its huge market, abundant human resources and ample supply of raw materials. Hong Kong can contribute to the mainland its advanced technology and management skills, its wide contacts with the Western world as well as its strong financial market.

Cities like Shanghai can never take the place of Hong Kong because no matter how developed Shanghai becomes, it will remain socialist. Shanghai will serve the country as a socialist metropolis, while Hong Kong will play a different role in its capacity as a capitalist special administrative region.

—Third, it is a big move in the course of reunification of China because by offering Hong Kong as a blue print to the settlement of the questions of Macao and Taiwan, China sets an example to the world that it can settle disputes in a peaceful way through mutual accommodation.

Therefore, the 'one country, two systems' principle is by no means a transient or an offhand policy, nor is it a manoeuvre. It is truly China's long term policy.

No Change

Some may worry that someday China's policy might change. My answer is: "No matter what happens, the principle of 'one country, two systems' will not change for at least 50 years, because it is a correct policy, it is good for Hong Kong, good for the country and good for

the rest of the world. It is also acceptable to all. [no closing quotation marks as published]

Why would China want to change it? It is the responsibility of the Hong Kong and Macao Affairs Office to see that the principle of 'one country, two systems' as well as all the basic policies laid down in the Joint Declaration and the Basic Law are being fully carried out.

The principle of 'one country, two systems' is embodied in all the articles of the Basic Law, which was adopted by the National People's Congress and has become a national law. It has to be observed not only by Hong Kong but also by the rest of China for matters relative to Hong Kong.

It took four years and eight months to work out the Basic Law. As the Chinese saying goes: "One word is worth a thousand pieces of gold." The Basic Law is worth much more than that.

If we are not serious in carrying out the principle of 'one country, two systems', why on earth should we waste such a lot of time, money and energy to put it into law? I wish to repeat that the principle of 'one country, two systems' is guaranteed by law.

I foresee that the principle of 'one country, two systems' will not change not only within 50 years, but much longer. The obvious reason is that we are still in the primary stage of socialism. We need hundreds of years to build China into a strong socialist state.

In this whole course of building socialism Hong Kong will continue to play its important role as a bridge between China and the Western world.

Two Aspects

Of course, by 'one country, two systems' we mean that the main body of the country practises socialism, which is the fundamental system of China, while as a supplement to the socialist state, Hong Kong continues to practise capitalism.

Therefore, when we say there will be no change in the principle of 'one country, two systems', there are actually two aspects: The capitalist system of Hong Kong will remain unchanged, but the fundamental socialist system of the country will also not change, otherwise it will be one country, one system', instead of 'one country, two systems'.

There are some who believe that only when China turns capitalist that Hong Kong's capitalism can be guaranteed. This is an entirely wrong concept.

I want to ask, if in case (which is an impossible supposition) China turns capitalist as some people wishfully think, where will Hong Kong stand? Can Hong Kong continue to play its role as a bridge, which contributes as a major factor to Hong Kong's prosperity and stability?

Chinese leaders are determined to build a strong socialist China. Any movement or action to change this direction may cause chaos and disruption to the Chinese economy.

Hence, any foreign government or Hong Kong people trying to exert pressure on the Chinese Government will not succeed. China would not want itself to be rampant with chaos.

Furthermore, can Hong Kong continue to prosper with a turbulent mainland at its back? During the Cultural Revolution, which was purely an internal conflict, Mao Zedong and Zhou Enlai to some extent, could still exercise some control over the "Red Guards". Back in 1967, it was premier Zhou Enlai who at the very last minute stopped the "Gang of Four" sending troops to Hong Kong.

Do you know that in order to maintain the prosperity and stability of Hong Kong, China has been imposing strict self-control on the exodus of immigrants to Hong Kong? It has been, and still is, the People's Liberation Army, under the strict orders of the Central Government, who have been guarding the Hong Kong borders and maintaining the stability in Hong Kong.

Therefore, in order to maintain the prosperity and stability of Hong Kong, it is of vital importance to maintain the stability of China, without which, the principle of 'one country, two systems' will be built on sand.

Value of Hong Kong

I would like to stress that the value of Hong Kong to China has been and will be its economic value. Hong Kong has always been an economic city, never a political city. If you ask anyone in the street, what he or she is most concerned with, I bet over 90 percent will say, it's their livelihood.

It is precisely on the basis of Hong Kong's economic value that China formulates its present policy towards Hong Kong. Of course there are always a handful who are so naive to think that they can turn Hong Kong into a political city in order to influence the mainland in the sense of politics. If that were the case, Hong Kong would be of negative value instead of positive value to China. This is disastrous for Hong Kong.

Hong Kong People Rule Hong Kong

In order to put the principle of 'one country, two systems' into practice, we have to adopt the policy of letting Hong Kong people rule Hong Kong and allowing Hong Kong enjoy a high degree of autonomy. To preserve the capitalist system in Hong Kong, we need Hong Kong people who are familiar with the capitalist operations to manage themselves.

As stipulated in the Basic Law, after 1997, Hong Kong will enjoy its own administrative, legislative and judicial powers. All daily affairs, except those concerning foreign affairs and national defence, will be managed by Hong

Kong itself. We have been repeatedly told by our leaders that Hong Kong shall not be dealt with as we did with Shanghai.

No department or province will be allowed to interfere in the internal affairs of the Hong Kong SAR, and this should be made known to everybody, starting from now. Therefore, in promoting the Basic Law, we should not only promote it in Hong Kong, in overseas countries, but also within China.

In future, any department when dealing with Hong Kong, must abide by the Basic Law, and it is the responsibility of the Hong Kong and Macao Affairs Office to see that everything is done in this manner.

To take the airport question as an example, it is because the SAR government still does not exist that China is at present negotiating with the British side for the benefit of the future SAR. If it were after 1997 such an affair would be an internal affair of the SAR, and it would be entirely up to you to decide what you want.

The reason why we set up the Preliminary Working Committee is mainly to provide an opportunity for Hong Kong people to participate in the preparation of the SAR, to provide a solid foundation, an optimum starting point for the SAR government, so that when the time of July 1, 1997, comes, what Hong Kong people have will continue to be an economically prosperous, financially sound, socially secured Hong Kong, with everything in order and well-prepared.

This is a tremendous task, but I and my colleagues all regard it as an honoured task endowed upon us by the 1.1 billion people. That is why I always said to my colleagues we should be fully dedicated and consecrated to the success of this lofty cause.

Before concluding, I would like to reiterate that it is my responsibility to see that the principle of 'one country, two systems' being put into practice, that the Basic Law is fully carried out; that Hong Kong will continue to prosper, that Hong Kong will enjoy a high degree of autonomy, that 'Hong Kong People rule Hong Kong' all will be strictly observed.

People will continue to enjoy their present way of life; and that all of you present here today will be given the chance to further Fat Choy [make money].

XINHUA Reports on Lu Ping Speech

Discusses Hong Kong Issue

OW0605162394 Beijing XINHUA in English
0845 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council delivered here today a speech on the Chinese Government's policy towards the Hong Kong issue at a luncheon given in his honor by five local influential organizations. In his speech, Lu briefed the Hong Kong

people on the questions as how the Chinese Government's policy of "one country, two systems" was formulated and why it shall be implemented in Hong Kong after 1997. He reiterated that the Chinese Government's policy of "one country, two systems" towards the future Hong Kong Special Administrative Region will remain unchanged for at least 50 years. Lu elaborated on the contents of the policy of "one country, two systems". "By 'one country, two systems', we mean that the main body of the country practices socialism, which is the fundamental system of China, while Hong Kong continues to practice capitalism, as a supplement to the socialist state," he said. Therefore, he continued, "when we say there will be no change in the principle of 'one country, two systems', there are actually two aspects: the capitalist system of Hong Kong will remain unchanged, but the fundamental socialist system of the country will also not change." He pointed out that any attempt to turn Hong Kong from an economic city into a political city in order to influence the mainland in the sense of politics is disastrous for Hong Kong. "The value of Hong Kong to China has been and will be its economic value," he said. In the last part of his speech, Lu reassured that the Chinese Government's policy of letting the Hong Kong people rule Hong Kong and allowing Hong Kong to enjoy a high degree of autonomy shall be adopted in order to put the principle of "one country, two systems" into practice. He expressed his firm belief that Hong Kong will remain prosperous with the practice of the "one country, two systems" policy and the fully implementation of the basic law. The luncheon was jointly held by the American Chamber of Commerce in Hong Kong, the Chinese General Chamber of Commerce in Hong Kong, the Chinese Manufacturers' Association of Hong Kong, the Federation of Hong Kong Industries and the Hong Kong General Chamber of Commerce. Lu Ping arrived here on May 1 to attend a meeting of the preliminary working committee for the Preparatory Committee for the Hong Kong Special Administrative Region, the first of its kind ever held in Hong Kong.

Views 'One Country, Two Systems'

OW0605162794 Beijing XINHUA in English
0845 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—The basic policies taken by the Chinese Government towards the Hong Kong issue are not the result of the Sino-British talks, said a senior Chinese official here today.

"They were, as a matter of fact, laid on the negotiating table by the Chinese Government right from the beginning," the official said.

Lu Ping, director of the Hong Kong and Macao Affairs office of the State Council, made these remarks in a speech delivered here today at a luncheon given in his honor by several local organizations.

He said that before the Sino-British negotiation on the Hong Kong issue, the Chinese Government had worked

out a 12-point policy regarding the Hong Kong issue under the instructions of the then top Chinese leader Deng Xiaoping.

The 12-point policy, which was later laid down in the Sino-British joint declaration and in the Basic Law, is the basic policy of the Chinese Government regarding Hong Kong, he said.

According to Lu, before the Sino-British negotiation on the Hong Kong issue, Deng Xiaoping personally held talks with people from Hong Kong and sent people to Hong Kong for many times to make field studies.

A special team was then set up to look into this question, said Lu Ping.

As a member of the team himself, Lu said that the team first analysed the factors leading to the economic success in Hong Kong and the conditions under which they were formed.

He said that the 12-point policy was formulated following the positive answer that the team had got after studying whether these factors could continue after 1997.

Lu Ping quoted Deng Xiaoping's speech in 1984 while meeting with the then British Foreign Secretary Sir Geoffrey Howe as saying that "Hong Kong's prosperity and stability cannot be maintained without a guarantee on its continued capitalist system."

"I am confident that the principle of 'one country, two systems' is workable," Deng Xiaoping was quoted as saying.

To Keep 'One Country, Two Systems'

OW0605164594 Beijing XINHUA in English
0902 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—A Chinese official reiterated here today that no matter what happens the principle of "one country, two systems" will not change for at least 50 years. "I foresee that the principle of 'one country, two systems' will not change not only within 50 years, but much longer," said Lu Ping, director of Hong Kong and Macao Affairs Office of the State Council, at a luncheon given in his honor. "The obvious reason is that we are still in the primary stage of socialism. We need hundreds of years to build China into a strong socialist state. In this whole course of building socialism, Hong Kong will continue to play its important role as a bridge between China and the Western world," Lu said. "It is a correct policy, it is good for Hong Kong, good for the country and good for the rest of the world. It is also acceptable to all. Why would China want to change it?" he asked. The director said, "it is the responsibility of the Hong Kong and Macao Affairs Office to see that the principle of 'one country, two systems' as well as all the basic policies laid down in the joint declaration and the Basic Law are being fully

carried out." The principle of "one country, two systems" is embodied in all the articles of the Basic Law, which was adopted by the National People's Congress and has become a national law, he said, adding that it has to be observed not only by Hong Kong but also by the rest of China for matters relating to Hong Kong. Noting that it took four years and eight months to work out the Basic Law, he said "if we are not serious in carrying out the principle of 'one country, two systems', why on earth should we spend such a lot of time, money and energy to put it into law?" "I wish to repeat that the principle of 'one country, two systems' is guaranteed by law," the director said.

System Not 'Transient'

OW0605164094 Beijing XINHUA in English
0901 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—The "one country, two systems" policy is by no means a transient or an off-hand policy, nor is it a maneuver, said a senior Chinese official here today.

"It is truly China's long-term policy," said the official.

Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, made these remarks while delivering a speech at a luncheon jointly given by several local organizations.

In his speech, Lu elaborated on the reasons why China decided to adopt the "one country, two systems" principle to settle the Hong Kong issue.

Firstly, he said that the principle is the best and the only solution to maintaining the prosperity and stability of Hong Kong.

"To look for a solution, we took into consideration the historical factor as well as the current status quo of Hong Kong," he said.

He said that "the solution will not only have to be acceptable to China, but also to Hong Kong and to the British side as well. There should be as little changes and disturbances as possible in 1997".

Secondly, the top official in charge of the Hong Kong affairs said that the principle is good for the country as a whole.

"For the four modernizations to succeed, we need a bridge to carry us to the Western world, and for the Western world to come to the China market," Lu said.

He said that Hong Kong has been playing this role all along, and China wants it to continue to do so by retaining its capitalistic characteristics.

"We believe that a socialist mainland and a capitalist Hong Kong can co-exist in harmony in such a way that they can supplement each other instead of confronting each other," he said.

He pointed out that cities like Shanghai can never take the place of Hong Kong because no matter how developed Shanghai becomes, it will remain socialist.

"Shanghai will serve the country as a socialist metropolis, while Hong Kong will play a different role in its capacity as a capitalist special administrative region," he said.

Thirdly, Lu Ping said that the "one country, two systems" principle is a big move in the course of reunification of China.

"By offering Hong Kong as a blueprint to the settlement of the questions of Macao and Taiwan, China sets an example to the world that it can settle disputes in a peaceful way through mutual accommodation," Lu said.

Stability 'Vital' to Hong Kong

OW0605163194 Beijing XINHUA in English
0848 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—In order to maintain the prosperity and stability of Hong Kong, it is of vital importance to maintain the stability of the Chinese mainland, without which, the principle of "one country, two systems" will be built on sand, a Chinese official said.

"By 'one country, two systems' we mean that the main body of the country practices socialism, which is the fundamental system of China, while as a supplement to the socialist state, Hong Kong continues to practice capitalism," said Lu Ping, director of Hong Kong and Macao Affairs Office of the State Council, at a luncheon given in his honor here today.

"When we say there will be no change in the principle of 'one country, two systems', there are actually two aspects: the capitalist system of Hong Kong will remain unchanged, and the fundamental socialist system of the country will also not change," he said.

"Otherwise, it will be 'one country, one system', instead of 'one country, two systems'," he said.

Lu said that some people believe that only when China turns capitalist, can Hong Kong's capitalism be guaranteed. "This is an entirely wrong concept," he said.

"If in case (which is an impossible supposition) China turns capitalist as some people wishfully think, where will Hong Kong stand? Can Hong Kong continue to play its role as a bridge, which contributes as a major factor to Hong Kong's prosperity and stability?" Lu asked.

He said that Chinese leaders are determined to build a strong socialist China and any movement or action to change this direction may cause chaos and disruption to the Chinese economy. Any foreign government or anyone in Hong Kong trying to exert pressure on the Chinese Government will not succeed. China would not want itself to be rampant with chaos, he said.

"Furthermore, can Hong Kong continue to prosper with a turbulent mainland at its back? During the Cultural Revolution (1966-1976), which was purely an internal conflict, Mao Zedong and Zhou Enlai to some extent, could still exercise some control over the 'Red Guards'. Do you know that in 1967 it was Premier Zhou Enlai who at the very last minute stopped the 'gang of four' to send troops to Hong Kong?"

"Do you know that in order to maintain the prosperity and stability of Hong Kong, China has been imposing strict self-control on the exodus of immigrants to Hong Kong?"

"It has been and still is, the People's Liberation Army which, under the strict orders of the central government, has been guarding the Hong Kong borders and maintaining the stability in Hong Kong," he added.

Views Local Rule

OW0605163694 Beijing XINHUA in English
0900 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—In order to put the principle of "one country, two systems" into practice, China must adopt the policy of letting the Hong Kong people rule Hong Kong and allowing Hong Kong enjoy a high degree of autonomy, a Chinese official said here today.

"To preserve the capitalist system in Hong Kong, we need the Hong Kong people who are familiar with the capitalist operations to manage themselves," said Lu Ping, director of Hong Kong and Macao Affairs Office of the State Council at a luncheon in his honor.

"As stipulated in the Basic Law, after 1997, Hong Kong will

enjoy its own administrative, legislative and judicial powers. All daily affairs, except those concerning foreign affairs and national defense, will be managed by Hong Kong itself," he said.

"We have been repeatedly told by our leaders that Hong Kong shall not be dealt with as we did with Shanghai. No department or province will be allowed to interfere in the internal affairs of the Hong Kong Special Administrative Region (SAR), and this should be made known to everybody, starting from now," he said.

"Therefore, in promoting the Basic Law, we should not only promote it in Hong Kong, in overseas countries, but also within the mainland," he said.

"In future, any department when dealing with Hong Kong, must abide by the Basic Law, and it is the responsibility of the Hong Kong and Macao Affairs Office to see that everything is done in this manner," the director said.

Take the airport question as an example, he said, it is because the SAR government has not yet been formed

that China is at present negotiating with the British side for the benefit of the future SAR.

"If it were after 1997, such an affairs would be an internal affair of the SAR, and it would be entirely up to you to decide what you want," he said.

"The reason why we set up the preliminary working committee is mainly to provide an opportunity for the Hong Kong people to participate in the preparation of the SAR, to provide a solid foundation, an optimum starting point for the SAR government, so that when the time of July 1st, 1997 comes, what the Hong Kong people have will continue to be an economically prosperous, financially sound, socially secured Hong Kong, with everything in order and well-prepared," he said.

"This is a tremendous task, but my colleagues and me all regard it as an honored task endowed upon us by the 1.1 billion people. That is why I always said to my colleagues we should all be fully dedicated and consecrated to the success of the lofty cause," he said.

Lu Ping Discusses Hong Kong Land Premium Income

OW0605164994 Beijing XINHUA in English
1337 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—Every penny of the income from the land sales, which is kept by the Land Fund on behalf of the Chinese side of the Sino-British Land Commission, belongs to the Special Administrative Region (SAR) Government of Hong Kong, a Chinese official said here today. Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, was speaking at a discussion with members of the preliminary working committee for the preparatory committee of the future SAR, deputies to the Chinese National People's Congress and members of the national committee of the Chinese People's Political Consultative Conference from the Hong Kong region. The annex 3 to the Sino-British Joint Declaration says that from the entry into force of the joint declaration until June 30, 1997, premium income obtained by the British-Hong Kong Government from land transactions shall, after deduction of the average cost of land production, be shared equally between the British-Hong Kong Government and the future SAR government. As the future SAR government has not come into being, the share belonging to the SAR Government is temporarily kept by the Land Fund entrusted by the Chinese side of the Sino-British Land Commission, Lu said. After the transfer of power in 1997, the Sino-British Land Commission will be dismissed and the land income kept by the Land Fund for the Chinese side will all be immediately handed over and subject to the disposal to the SAR government.

Lu Ping Says China Not To Compromise on Principle

OW0605165494 Beijing XINHUA in English
1346 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—Chinese top official on Hong Kong affairs Lu Ping said here today that Hong Kong's last Legislative Council and district boards will not be passed through 1997 and China will not compromise on this matter of principle. Lu Ping, deputy director and secretary-general of the preliminary working committee for the Preparatory Committee for Hong Kong Special Administrative Region (SAR), said this during a meeting between the Chinese mainland members at the committee and Hong Kong deputies to the Chinese National People's Congress and local members of the national committee of the Chinese People's Political Consultative Conference. Lu said his committee will take into full consideration opinions from all walks of life in Hong Kong in order to ensure a smooth transfer of power in 1997. He stated that China originally hoped to solve the "through train" for the last Legislative Council in the territory, but the British side closed the door of cooperation. Thus, the Sino-British talks on arrangements for the 1994/95 elections broke down and there would be no "through train", Lu said. "But Governor Chris Patten does not believe there would be no through train. So I sincerely hope he would not cherish any illusion on that," Lu said. By July 1, 1997, he continued, the first SAR Legislative Council will be produced in the territory according to the Basic Law and relevant regulations of the Chinese National People's Congress. At that time, all members of the last Legislative Council should step down the "train" and this is definite, Lu added. He noted that his committee will listen to various opinions on formation of the first SAR Legislative Council and of the district boards and ensure a smooth transition.

Lu Ping Says 'No Atmosphere' To Meet Governor

OW0605170094 Beijing XINHUA in English
1556 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—Chinese official in charge of Hong Kong and Macao affairs Lu Ping said here today that there is no atmosphere for him to meet Governor Chris Patten at present.

Lu Ping said that a meeting between him and Mr. Patten should be intended to produce results instead of making show. He added that a meeting without results would mean nothing but make people in Hong Kong more disappointed.

Lu Ping was speaking at a discussion with FWC [preliminary working committee] members, deputies to the Chinese National People's Congress and members of the national committee of the Chinese People's Political Consultative Conference here today.

Lu said that he had come here in the capacity of the deputy director and secretary-general of the PWC to

attend meetings of political and economic affairs panels of the PWC. So he had no time to meet the governor because he had a full schedule here and he had to return to Beijing ahead of schedule to take care of business there.

"The British Hong Kong Government resists the PWC by not allowing civil servants to contact the PWC, however, the governor, as the top leader of the civil servants, asked to meet me. Isn't he contradicting himself?" Lu asked.

Lu held that the PWC and the civil servants should contact each other through different channels to lay down a foundation and create a satisfactory atmosphere in which he could meet the governor and the meeting could turn out results.

The British Hong Kong authorities expressed that they want to cooperate with the Chinese side in other fields, but people are judged by their deeds, not just by their words as Chinese Foreign Minister Qian Qichen said.

He said that the report of the House of Commons of Britain on the Sino-British relations acknowledged Britain's policies including those towards China had changed fundamentally from cooperation to confrontation. "The British side has shown no sign of sincerity to cooperate with China," he said.

"We want to cooperate with the British Hong Kong authorities in other fields but we will not compromise on matters of principle. The British Hong Kong authorities should show its sincerity," he added.

Lu Ping Criticizes Governor Patten

HK0805063594 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 8 May 94
p 2

[By Queenie Wang and Dick Chan]

[Text] China's top official on Hong Kong affairs, Lu Ping, yesterday launched his first attack on the Governor, Chris Patten, since arriving in the territory.

As Mr. Patten disappeared from sight, after a hectic week of high-profile activity, Mr. Lu accused him of only wanting to put on a political show, rather than sincerely engaging in talks, according to newly appointed District Affairs Adviser Leung Kwong-cheung, who attended a two-hour meeting with the visiting mainland official.

Mr. Lu insisted he would only meet the Governor if it was likely to be fruitful. "How could I meet Mr. Patten, he performs a show but I don't. His attitude towards the Preliminary Working Committee [PWC] is not only unfriendly but amounts to a boycott of us," the visiting mainland official was quoted as saying at a meeting with the district advisers.

"As secretary-general of the PWC, if I enter the room by the red carpet, then walk out along the red carpet,

without making any progress, this would only disappoint the six million people in Hong Kong."

Mr. Lu also attacked the Kowloon Canton Railway Corporation for allegedly snubbing the PWC by failing to send its chairman Kevin Hyde to a meeting with the economic sub-group yesterday. The KCRC sent a consultant as its representative instead, and Mr. Lu said this was further evidence of the British side's lack of sincerity.

"Many of the PWC mainland members are department heads (in the Chinese Government). Is our meeting with the KCRC chairman downgrading his status?" Mr. Lu was reported as saying.

Secretary of Transport Haider Barma last night denied the Government had played any role in the KCRC's decision. "As far as I know, we did not have any role in this case. It (the decision) is entirely up to the KCRC, the board is independent from the Government. I only learned of their meeting and cancellation of the appointment from the newspapers," Mr. Barma said.

After a meeting with the specialist group on infrastructure of the Business and Professionals Federation of Hong Kong, head of the PWC economic sub-group Gao Shang-quan expressed his disappointment at the absence of Mr. Hyde. He said: "We, with four ministerial level officials, came to this meeting with tremendous sincerity and ambitions because this question (railway transportation) has to be solved very urgently."

According to sub-group member Tam Yiu-Chung, yesterday's meeting was originally arranged as a discussion with the KCRC only. But the PWC re-scheduled it to meet the infrastructure experts after receiving a negative reply from the KCRC.

A newly built Beijing-Kowloon railway will come into service in late 1995, and China wants to discuss with the KCRC the connection of the proposed railway to the western New Territories.

"If the question cannot be solved, it will cause economic loss to Hong Kong. And of course, it will cause economic loss to China also," Mr. Gao said.

Mr. Lu had earlier yesterday sought to ease the anxiety of civil servants by assuring them their future would not be affected by the Sino-British row.

Representatives from seven civil servant associations held almost three hours of talks with Mr. Lu and members of the PWC political subgroup.

Lu Ping Speaks on 'Through Train' Issue

OW0705045594 Beijing XINHUA Domestic
Service in Chinese 1701 GMT 6 May 94

[By reporter Sun Chengbin (1327 2110 2430)]

[Text] Hong Kong, 6 May (XINHUA)—During a forum this morning between mainland-based members of the Preliminary Working Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region [SAR], and local deputies to the National People's Congress [NPC] and local members of the National Committee of the Chinese People's Political Consultative Conference, Lu Ping, PWC vice chairman and secretary general, delivered an important speech on several current issues which are being universally followed by the Hong Kong people and deliberately misguided by the British Hong Kong authorities.

Speaking of the "through train" issue, Lu Ping said: We had originally hoped to solve the "through train" issue for members of the last British Hong Kong Legislative Council [Legco] through negotiations in accordance with relevant NPC provisions. Because the British side has shut the door tight, Sino-British talks on arrangements for the 1994/95 elections have broken down, making it impossible to realize the "through train" concept; this is certainly not what we had hoped for. However, Mr. Chris Patten does not believe that there will be no "through train" after 1997. I would like to advise him not to cherish any illusion about that. By 1 July 1997, we will form anew the first SAR legislature according to the Basic Law and relevant NPC provisions.

Lu Ping said: The relevant NPC decision explicitly states that the last Legco should be constituted in conformity with the Basic Law and the provisions of the decision if it is directly to become the first SAR legislature; otherwise, there will be no premise for a direct transition. Also, the NPC decision authorizes the SAR Preparatory Committee to draw up specific methods for constituting the first SAR legislature in accordance with the Basic Law. The methods encompass such issues as how to delineate electoral districts for direct elections along geographical lines, what election methods will be adopted, what new functional constituencies will be introduced, and how to constitute the election committee.

Lu Ping said: The British Hong Kong authorities proposed the "constitutional reform package" in 1992, and are now proposing another amendment plan. The Chinese side was never consulted on the amendment plan, which is simply unacceptable. In the future, we will surely act in accordance with the Basic Law and the NPC decision. We believe that this will by no means cause a stir in Hong Kong, and will surely facilitate the realization of smooth transition.

Lu Ping went on: The "through train" is a single unit; there is no question of a through "carriage." No illusion should be cherished about this. On 1 July 1997, all members of the last British Hong Kong Legco will get off the train. This is for sure, and there is no doubt about that.

On district organizations, Lu Ping stated emphatically: Neither the NPC decision nor the Basic Law provides for

allowing the British Hong Kong district organizations to make the transition beyond 1997. To be sure, we are hopeful that the British side will cooperate with us so that the district organizations will also make the transition beyond 1997. Unfortunately, the British side has shut the door tight in this respect, causing a breakdown of Sino-British talks on the 1994 elections for district organizations. Therefore, there is also no question of a "through train" in this matter.

Lu Ping said: The last British Hong Kong Legco can only be a short-lived one, with just another 22 months to live. When considering the methods for forming the first SAR legislature and district organizations, the PWC will certainly listen fully to the opinions of various sectors in Hong Kong and make every effort to ensure a smooth transition. Nevertheless, we cannot compromise on matters of principle. The principle is: Given the breakdown of Sino-British talks, the last British Hong Kong Legco cannot become the first SAR legislature and the British Hong Kong district organizations cannot become district organizations in the SAR.

Lu Ping said: The PWC invited relevant civil servants from the British Hong Kong Government to this forum in Hong Kong for a briefing; this was a good thing because it could help solve some problems. However, the British Hong Kong Government boycotted the PWC by not allowing the civil servants to come in contact with the PWC. This shows a lack of sincerity on the part of the British Hong Kong Government to cooperate with the Chinese side in other fields.

Lu Ping reiterated: The PWC's door of contact and cooperation with Hong Kong's civil servants is always open, and our invitation remains valid.

Lu Ping said: The British Hong Kong Government has signaled its intention to cooperate with the Chinese side in other fields. However, in the words of Vice Premier and Foreign Minister Qian Qichen, verbal statements offer no guarantees. Practical actions should be taken, and we should "listen to what a person says and watch what he does." Lu Ping stated: The Foreign Affairs Committee of the British Parliament, in its report, recognizes in no uncertain terms that Britain's policy toward China, Hong Kong included, has undergone fundamental changes; this means moving from cooperation to confrontation. We have not yet detected any sign of sincerity about cooperation or any gesture of cooperation on the British side. While the Chinese side is willing to cooperate with the British Hong Kong Government in other fields, it cannot compromise on matters of principle. The British Hong Kong Government must show genuine sincerity about cooperation.

Someone asked: Some people have called for the creation of a human rights commission in Hong Kong. What comment does the Chinese side have on this proposal? Lu Ping replied: According to the concept of these people, the commission will be an organ of power. However, it will not be part of the executive organ

prescribed in the Basic Law, a legislative organ, or a judicial organ. According to the Basic Law, Hong Kong's executive organ includes the Audit Department and the Independent Commission Against Corruption. The Basic Law also contains explicit provisions concerning the legislative and judicial organs. Hence, the creation of a human rights commission will obviously contradict the Basic Law and destroy the entire framework established by the Basic Law.

Lu Ping said: Since the human rights commission will be an organ of power, it will necessarily erode the power of other organs and cause instability in Hong Kong. He asked in return: Will there be no guarantees for human rights in the absence of a human rights commission? Britain does not have a human rights commission; it does not even have a human rights law. Are there no human rights in Britain? Proponents of a human rights commission are like "drinkers whose intentions lie not in the wine" [people with ulterior motives].

In response to a demand that the Chinese Government regularly report to the UN Human Rights Commission on the situation of human rights in Hong Kong after 1997, Lu Ping said: China is not a party to the two human rights conventions and has no responsibilities or obligations whatsoever to report to the UN Human Rights Commission. Hong Kong is not a political entity, and it is not qualified to report to the UN Human Rights Commission. The Basic Law explicitly states that those parts of the two human rights conventions that apply to Hong Kong will be implemented through Hong Kong's local laws after 1997. In other words, the two human rights conventions cannot be applied to Hong Kong directly. A consensus was reached on this point when the Basic Law was drafted.

Lu Ping said: Hong Kong citizens will enjoy broad-based rights after 1997, for which the Basic Law provides full legal guarantees.

Replying to a question on the SAR Government's land fund, Lu Ping stated: Every cent of the land fund belongs to the future SAR Government. Chinese representatives to the Sino-British Land Commission, acting in accordance with the mandate given by the PRC Government, is responsible for the fund's collection and safekeeping, as well as for the preservation of its value, in their capacity as trustees. After 1997, the SAR Government will administer the fund.

Lu Ping said: Annex III of the Joint Declaration explicitly states that upon the entry into force of the Joint Declaration, half of the income earned by the British Hong Kong Government from land transactions shall be left to the future SAR Government. Because the SAR Government will not be established before 1997, Chinese representatives to the Sino-British Land Commission, in their capacity as trustees, are now responsible for the collection and safekeeping of this portion of income, as well as for preserving its value. The Sino-British Land Commission will be abolished after 1997. Hence, the

PWC's economic affairs panel has suggested transferring the land fund to the SAR Government after 1 July 1997. The SAR Government will decide which organization will receive and take care of the fund.

Lu Ping Reassures Hong Kong Public Servants

OW0805062494 Beijing XINHUA Domestic Service in Chinese 1336 GMT 7 May 94

[By correspondent Sun Chengbin (1327 2110 2430)]

[Text] Hong Kong, 7 May (XINHUA)—Lu Ping, vice chairman and secretary general of the Preliminary Work Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [HKSAR], said today: The disputes over political structure between China and Britain will definitely not affect China's policy toward Hong Kong's public servants. We hope Hong Kong's public servants will continue to work for the HKSAR Government after 1997. The HKSAR Government will certainly act according to the Basic Law, and the interests of the public servants are protected by law.

This morning, mainland members of the PWC held a discussion with the principal responsible persons of seven Hong Kong public servants' organizations, hearing their opinions and suggestions on matters related to public servants. The seven organizations are (the Association of Hong Kong Government Employees of Chinese Descent, Hong Kong Retired Public Servants Welfare Society, Hong Kong Public Servants Federation, Hong Kong Government Employees Association, Hong Kong Federation of Public Servant Unions, Hong Kong Retired Public Servants Association, and Hong Kong Local Public Servants Association.)

After attentively listening to the views of the responsible persons of these seven organizations, Lu Ping said: The current disputes between China and Britain will definitely not affect China's policy towards public servants. In other words, the articles in the Basic Law concerning public servants will definitely not be affected and will be carried out as they are currently stipulated. Hong Kong public servants may rest assured in this. He urged those responsible persons present at the meeting to publicize his reassurance among the members of their organizations.

Lu Ping stated: According to the Basic Law, the principal officials of the HKSAR Government shall be Chinese citizens who are permanent residents of the region, and who shall be nominated by the chief executive and appointed by the central government. Besides the principal officials, we hope all other public servants will remain and continue to work at their present posts after 1 July 1997. He reassured the public servants that the break of the Sino-British talks will definitely not affect their future, although the two countries could no longer cooperate in Hong Kong's political structure.

Lu Ping said: Some people are worried whether the financial strains of the HKSAR Government will affect the public servants' retirement pensions after 1 July 1997. I would like to reassure you we have already taken the matter into account. Besides, according to the Basic Law, the HKSAR Government shall strive to achieve fiscal balance and "keep expenditures within the limits of revenues." However, the budgeted expenditures must include the retirement pensions of public servants.

He emphasized: The retirement pensions of public servants after 1997 are clearly stipulated in the Basic Law and are protected by that law; they will not be affected by the Sino-British disputes.

Lu Ping added: Of course we also support your proposal on establishing a pension fund before 1997. The British Hong Kong Government has proposed to establish a HK\$7-billion pension fund. The amount is of course far from sufficient. However, even if the pension fund is not established, the HKSAR Government will surely pay your retirement pensions, and those pensions are guaranteed. Please rest assured in this regard. This is Chinese Government policy and has been stipulated in the Basic Law. We will certainly act according to the law.

Lu Ping said: Some people have suggested that a consultancy group for public servant issues be established within the PWC's Political Affairs Subcommittee. This is a good suggestion. It is important to establish a formal channel of communications, constantly exchange views, and avoid unnecessary misunderstandings between the PWC and public servants. He said the PWC would study the suggestion.

Lu Ping also stated: Besides the PWC, there are many other channels of communication available. For instance, within the Hong Kong branch of the XINHUA News Agency there is a special department handling public servant issues. He hoped Hong Kong public servants will not hesitate to bring their questions to that department.

According to Lu Ping, the British Hong Kong Government is not very enthusiastic about contacts between the public servants and the PWC, and sometimes purposefully creates obstacles. Citing an example, he said: The PWC has extended an invitation to officials of the departments concerned within the British Hong Kong Government to come and explain the draft regulations for the new airport administration. It is a simple matter, but the British Hong Kong Government issued an order prohibiting them from contact with us. To facilitate coordination over railroad construction and connection, responsible persons of the Guangzhou-Jiulong Railroad Company were supposed to attend a discussion with members of the PWC's Economic Affairs Subcommittee this morning. The meeting is for a good purpose, and both the time and place have been set, but they changed their mind at the last minute. Lu Ping stated: These tricks are completely unnecessary. We are very willing to establish a constant channel of communication between

us and the public servants. For the sake of a smooth transition and to reassure public servants, and for the sake of normal operations of the HKSAR Government in the future, we still hope you will keep in touch with us, despite the British Hong Kong Government's deliberate obstruction.

Lu Ping added: After 1997, public servants will not be required to express their political attitude. The suggestion made earlier by the PWC's Political Affairs Subcommittee is merely for the purpose of reminding any public servant who does not want to stay and work for the HKSAR Government in 1997 to give the government notice beforehand so that a replacement can be found to facilitate normal operation of the HKSAR Government.

In the afternoon, the members of the PWC's Political Affairs and Economic Affairs Subcommittees held a discussion with more than 20 district advisers.

Lu Ping Holds Discussions With Hong Kong Residents

OW0905114594 Beijing XINHUA Domestic Service in Chinese 1258 GMT 8 May 94

[By reporter Sun Chengbin (1327 2110 2430)]

[Text] Hong Kong, 8 May (XINHUA)—On 8 May, mainland members of the political and economic groups of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region took part in a discussion meeting with people from various social organizations at the grass-roots level in Hong Kong to extensively hear their opinions and suggestions on matters related to Hong Kong's transition, the work of the Preliminary Working Committee, and issues concerning the living conditions in Hong Kong, which are things of great interest to Hong Kong residents.

Zheng Guoxiong, XINHUA Hong Kong Branch deputy director, presided over the discussion meeting. Groups taking part in the discussion meeting included the Hong Kong Educational Workers' Association, the New Territory Social Groups Association, the Housing Occupants Association, the Hong Kong Friends of Study Society, and the Hong Kong Association of Chinese for Reform.

At the discussion meeting, participants fully expressed their opinions. Members of the Hong Kong Federation of Trade Unions and the Hong Kong Housing Occupants Association expressed their opinions and put forward a lot of constructive suggestions on social securities for retired workers and the "three highs" situation, namely "high land prices, high apartment prices, and high rent." The Hong Kong Educational Workers' Association suggested holding a joint meeting with the participation of Hong Kong's educational workers to strengthen contacts and relations with the cultural group of the Preliminary Working Committee and reflect the views and wishes of the educational circles on Hong Kong affairs during the

transitional period. They also suggested further popularizing Hong Kong Basic Law at middle and primary schools in Hong Kong and strengthening relations between educational circles in Hong Kong and Mainland China. The New Territory Social Groups Association put forward suggestions on speeding up the harnessing of the Shenzhen River, making an overall plan for transportation between Hong Kong and Guangdong, and simplifying customs inspection procedures and ensuring the smooth passage of people and vehicles through Shenzhen. The Hong Kong Friends of Study Society also put forward some suggestions on youth work in Hong Kong.

Lu Ping, vice chairman and concurrently secretary general of the Preliminary Working Committee seriously heard their remarks and said: The masses at the grass-roots level in Hong Kong are the rudiments of Hong Kong's foundation and are Hong Kong's roots. The so-called "governing Hong Kong by people in Hong Kong" [gang ren zhi zhong 3263 0086 3112 3263] must not be narrowly interpreted as governing Hong Kong by the small number of people from government departments. The connotation of "governing Hong Kong by people in Hong Kong" is quite extensive. First, we should let the broad masses of residents at the grassroots level govern Hong Kong. We will realize Hong Kong's stability and prosperity in the future through "governing Hong Kong by people in Hong Kong." Lu Ping said: He hope that you will give full play to the power of Hong Kong residents and everyone should join efforts to realize "governing Hong Kong by people in Hong Kong."

Lu Ping said: I earlier said that Hong Kong is an economic city and we hope that it will not be changed into a political city. I said this with Hong Kong's special characteristics in mind [wo zhe mo jiang shi you zhen dui xing di 2053 6638 8010 6199 2508 2589 6859 1417 1840 4104]. He hoped that everyone would show solicitude to the transitional work in Hong Kong and care for political affairs and the future of Hong Kong.

Lu Ping reiterated that the Chinese side is willing to cooperate with the British side in other fields. He said: However, cooperation is a two-way thing. The key to whether the cooperation can be successful or not lies in whether the British side has sincerity or not. We have not seen any such signs at present.

Zhang Junsheng, XINHUA Hong Kong Branch deputy director, also attended today's discussion meeting.

Lu Ping Comments Intended To Reassure Civil Servants

HK0805063794 Hong Kong SUNDAY
HONGKONG STANDARD in English 8 May 94
p 2

[By Ming Man]

[Text] Beijing's top official on Hong Kong affairs, Lu Ping, is backing the creation of a group to improve communications between civil servants and China during the transitional period of power.

Mr. Lu and Preliminary Working Committee members met representatives of seven local civil servants' unions yesterday for two-and-a-half hours. Unions included the Hong Kong Chinese Civil Servants Association and the Senior Non-Expatriate Officers Association. The Association for Expatriate Civil Servants was excluded from the meeting.

Last year the government issued a directive asking civil servants to turn down invitations from the Preliminary Working Committee to discuss transitional matters. Leader of the Government Employees Association Cheng Chung-wai proposed that Preliminary Working Committee (PWC) members and civil servant unions form a group despite the government directive.

Senior Non-Expatriate Officers Association deputy chairman Alex Au said his union would welcome the move as it would improve the transparency of the group which advises China on transitional matters, but it depended on the composition. "We would know what's happening about transitional matters relating to the civil service," he said.

Hong Kong Chinese Civil Servants Association chairman Peter Wong said he hoped the PWC would consult the unions before announcing or disclosing its proposals. "It would make their recommendations more credible," Mr. Wong said.

A government spokesman, however, reiterated the administration's stance, saying there were enough channels of communication to deal with transition matters. They should only be dealt with by the Sino-British Joint Liaison Group.

Local unions also secured assurances from Mr. Lu that China's policy towards Hong Kong would not be affected by the continuing row between Britain and China.

Mr. Lu told the unions he hoped all civil servants could remain in their posts, apart from those in the directorate, which would be appointed by the Chief Executive of the Special Administrative Region.

He also backed calls by the unions for more cash to be put into the pension reserve fund, but refused to disclose how much. Governor Chris Patten announced in his policy speech last October that \$7 billion would be injected into the fund over a two-year period.

The Association of Expatriate Civil Servants vice-chairman Allan Roger said his group met Mr. Lu in 1986 and had been assured China was happy to have expatriates in the civil service after 1997.

"We basically wanted China's public reassurance that they still want expats in government. At that time the expat population was 3.2 per cent of the civil service, and

Mr. Lu said that was fine. Now it is down to 1.2 per cent and it is clear what the government here is trying to do. Frankly, we don't place a great deal of store in what they (China) are going to say one way or the other, because we are convinced it is not a Beijing driven scheme anyway. It is definitely a local government move."

Lu Ping Attends Economic Panel Meeting

OW0705040594 Beijing XINHUA Domestic
Service in Chinese 1639 GMT 6 May 93

[Text] Hong Kong, 6 May (XINHUA)—An economic panel of the Preliminary Working Committee [PWC] for the Preparatory Committee of the Hong Kong Special Administrative Region [HKSAR] held the sixth meeting in Hong Kong from 4 to 5 May. PWC deputy director Henry Fok Ying-Tung and Lu Ping, PWC deputy director and secretary-general, attended the meeting.

The meeting discussed a study report on the handing over and post-1997 management of the HKSAR's land funds, pointing out that the land funds are important financial reserves for the future HKSAR government and suggesting that, as of 1 July 1997, all of the land funds be handed over and subject to the disposal to the HKSAR government. To better handle the handing over, it is necessary to make preparations in advance.

The meeting again discussed the coordination of large-scale capital construction in Hong Kong and Guangdong Province and held that the two localities both face the problem to coordinate management over railway, highway, land transportation ports, harbors, and air transportation. If the problem is not resolved soon, it will affect Hong Kong's longterm development and exchanges between the two localities. The meeting called on the British-Hong Kong Government and the departments concerned in the hinterland to set up a planning organ soon, so as to discuss and resolve relevant issues.

This meeting also heard and discussed a report by a study group on Hong Kong's land and housing policies under the economic panel on its work since March. The meeting held that the rising of real estate prices in Hong Kong has drawn Hong Kong residents' and investors' attention. This problem has a bearing on the people's livelihood and social stability; on Hong Kong's competitiveness as an international banking and trading center; and on its smooth transition. They said they will earnestly study the current state and longterm development plan for Hong Kong's land and housing policies; and will make opinions and suggestions for relevant parties' reference.

At the meeting, members heard a briefing by Huang Diyan, director of the Hong Kong and Macao Administration, Bank of China, on the bank's Hong Kong branch participating in issuing the Hong Kong currency; and a midterm work report by a study group on security for the retired under the economic panel.

The economic panel will hold the 7th meeting in Beijing from 8 to 9 June.

Lu Ping Urges Hong Kong Women To Help Transition

OW0605170494 Beijing XINHUA in English
1558 GMT 6 May 94

[Text] Hong Kong, May 6 (XINHUA)—Chinese official in charge of Hong Kong and Macao affairs Lu Ping here today encouraged women and other people here to make contributions to the smooth transfer of power of Hong Kong in 1997.

During his visit to Hong Kong Federation of Women here this afternoon, Lu Ping, deputy director and secretary-general of the preliminary working committee (PWC) of the Preparatory Committee of Hong Kong Special Administrative Region, urged the organization to unite more women to work for the transition, including publicizing the principle of "one country, two systems" and the Basic Law.

The establishment of the PWC provides opportunities for Hong Kong people to do their shares in this regards, he said.

Lu Ping completed a busy schedule today after attending the political and economic affairs panels' meetings of the PWC from Monday to Thursday.

He had discussions with PWC members, deputies to the Chinese National People's Congress and members of the national committee of the Chinese People's Political Consultative Conference. He delivered a speech at a luncheon given in his honor by five major chambers of commerce here and had discussions with representatives of the Hong Kong Chinese Enterprises Association this evening.

Lu Ping Comments on Zhou Enlai Discussed

HK0705070094 Hong Kong SOUTH CHINA
MORNING POST in English 7 May 94 p 4

[By Chris Yeung]

[Text] Lu Ping's official remarks that late premier Zhou Enlai intervened to stop the Gang of Four sending troops to Hong Kong in 1967 was received by veteran left-wingers with surprise.

"I've never heard that before," a senior mainland cadre involved with Hong Kong affairs said.

Another left-winger who was involved in the 1967 riots said he had been told "internally" that "we must stop the military confrontation with the British colonial authorities".

"We understand that the order came from Chairman Mao Zedong and premier Zhou Enlai at that time. But I don't think that has been mentioned in official media," he recalled.

Mr. Lu said in his speech yesterday: "Back in 1967, it was Premier Zhou Enlai who at the very last minute stopped the 'Gang of Four' sending troops to Hong Kong."

Editorial Views Lu Ping Speech on Hong Kong

HK0705074494 Hong Kong TA KUNG PAO in Chinese 7 May 1994 p 2

[Editorial: "Lu Ping's Speech Stands to Reason"]

[Text] Yesterday, Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, made a splendid speech at a luncheon jointly held by five major chamber of commerce organizations in Hong Kong. The speech elicited enthusiastic applause.

The subject Lu Ping dealt with was familiar to every Hong Kong resident: The implementation of the principle of "one country, two systems." Lu covered the background against which the principle was formed, the Chinese Government's determination to maintain the principle, the close relations characterized by coexistence in harmony and supplementing each other between Hong Kong and the mainland, and the central government's policy of allowing Hong Kong people to enjoy a high degree of autonomy and to administer Hong Kong, ending his speech with "all of you present here today will be given the chance to further Fat Choy [make money]." Lu's speech stands to reason, engenders a feeling of freshness, and is cordial and touching. We would like to suggest to people in all walks of life that they should carefully read the speech.

In his speech, Lu analyzed the value of Hong Kong to China from the high plane of the principle of "one country, two systems." He stressed: "The value of Hong Kong to China has been, and will be, its economic value. Hong Kong has always been an economic city, never a political city." "It is precisely on the basis of Hong Kong's economic value that China formulates its present policy towards Hong Kong." "In the whole course of building socialism, Hong Kong will continue to play its important role as a bridge between China and the Western world." Lu made a practical assessment of Hong Kong's role, an assessment which conforms with the interests and aspirations of the six million Hong Kong people. Every Hong Kong resident hopes that Hong Kong will always be a prosperous and stable economic city and does not want to see Hong Kong change into a site where various political forces wrestle with one another.

Just as Lu Ping pointed out, some people do wishfully plan to turn Hong Kong into a political city in order to influence the mainland in the sense of politics.

In response to Lu's speech, Chris Patten said: "I do not believe that Hong Kong can only be taken as a economic laboratory," "it is a society full of various types of political ambitions." What he meant was quite clear. The British side does hope that Hong Kong will become a

"political city." In July last year British Foreign Secretary Douglas Hurd said: China must acknowledge Hong Kong's "political reality." Hong Kong "is continuing to evolve." "It is now a political city as well as an international city."

These are not only their "words" but also their "deeds." Since he came to Hong Kong, Patten has not been interested in Hong Kong's economic development or the people's livelihood; instead, he devoted all his energy to challenging China and pursuing his "three violations" constitutional reform package in order to, in Hurd's words, change Hong Kong into a "political city" and "to establish a long-term political electoral system before 1997."

In its recent report, the British Parliament Foreign Affairs Committee summarized Britain's duties to Hong Kong as follows: "Our duties will include setting up a legislative structure and safeguarding Hong Kong's freedom through improving the regulations on guaranteeing human rights." The committee also claimed that it will urge the government to see to it that the international community will continue its support for safeguarding Hong Kong's human rights and rule of law."

It is clear that Britain is taking political action characterized by "grasping two links at the same time," namely, keeping tabs on both the political system and human rights. While trying to set up a set of organizations which can manipulate the political situation through "taking independent action," they are planning to protect those elements who are hostile to China and ready to create trouble or even turmoil by setting up a human rights committee and working out or amending several so-called laws and ordinances safeguarding human rights. Patten is probably planning to turn Hong Kong into a "political laboratory," which can influence and change the mainland in the sense of politics. The British side has kept saying it will put into effect the principle of "one country, two systems," but they only pay lip service and actually undermine the principle instead.

When we say there will be no change in the principle of "one country, two systems," there are actually two aspects: The capitalist system of Hong Kong, Macao, and Taiwan will remain unchanged, but the socialist system of the main body of the country will also not change, Deng Xiaoping once said. Only when the socialism on the mainland prospers, can Hong Kong play its role as a bridge between China and the Western world and maintain its long-term prosperity and stability. Of course, with Hong Kong playing the role as a bridge, the mainland will do a better job in socialist modernizations. Therefore, nobody is allowed to change the capitalist system practiced in Hong Kong or the socialist system practiced on the mainland. We must especially watch out for those who try to change Hong Kong into a base hostile to the mainland under the pretext of "expanding democracy."

The Chinese Government has made great efforts to maintain Hong Kong's prosperity and stability. In his speech, Lu cited many examples. Back in 1967, when the Cultural Revolution was still in progress, it was Premier Zhou Enlai who at the very last minute stopped the "Gang of Four" from sending troops to Hong Kong. It has been, and still is, the People's Liberation Army, under the strict orders of the central government, who have been guarding the Hong Kong borders. In the transitional period, the Chinese Government has handled major Hong Kong issues in the interest of Hong Kong people. State leaders have repeatedly warned that

no departments shall deal with Hong Kong as they did with Shanghai; that no departments, provinces, or municipalities are allowed to interfere in the internal affairs of the Hong Kong SAR; and that Hong Kong people must be allowed to administer Hong Kong and be given a high degree of autonomy as stipulated, and so on. Hong Kong people should have full confidence in Hong Kong's and their own future and also support socialism on the mainland by building up a better Hong Kong so that under the PRC flag the two systems will stand side by side for a long time and the two places, Hong Kong and the mainland, will enjoy long-term prosperity.

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